ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended September 30, 2025

City of Sachse, Texas

As Prepared by the Finance Department

"Sachse is a tranquil community welcoming the future while offering a safe and enjoyable quality of life to all those who call Sachse home."

CITY OF SACHSE, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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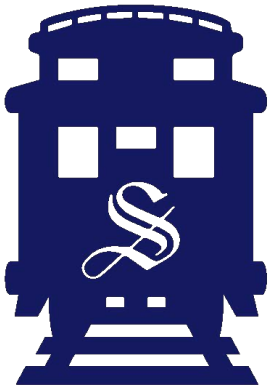
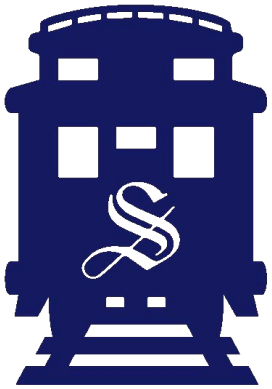

The City of
SACHSE

INTRODUCTORY SECTION


The City of
SACHSE

March 2nd, 2026

Honorable Mayor, City Council and Residents of Sachse

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) for the City of Sachse, Texas, for the fiscal year ended September 30, 2025. The ACFR is provided to give detailed information about the financial position and activities of the City to the residents, City Council, staff, and other readers.

Management assumes full responsibility for the completeness and reliability of information contained in this report, based upon a comprehensive framework of internal controls that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Pattillo, Brown & Hill, LLP has issued an Unmodified ("clean") opinion on the City of Sachse's financial statements for the year ended September 30, 2025. The independent auditors' report is located at the beginning of the financial section of the ACFR.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements.

PROFILE OF THE GOVERNMENT

The City of Sachse, incorporated in 1956, is located in Dallas County and Collin County, Texas, 20 miles northeast of downtown Dallas, on State Highway 78 and currently occupies a land area of 9.9 square miles. The City's population is 30,630 according to the 2025 North Central Texas Council of Governments estimate.

The City Council is comprised of a Mayor and six council members, and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as, appointing the members of various statutory and advisory boards, the City Manager, City Attorney, City Secretary, and Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the department heads, and the performance of functions within the municipal organization.

The City of Sachse provides a full range of services including police, fire, emergency ambulance service, municipal court, library, parks, recreation, water/sewer, engineering, streets/drainage, community development (planning and zoning), and general administrative services. Sanitation collection services are billed by the City on behalf of a private contractor that provides those services. The City of Sachse is served by two school districts (Garland ISD and Wylie ISD).

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Sachse, as legally defined), as well as, all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally separate entities and not part of the primary government's operations. The Sachse Economic Development Corporation (SEDC) and Sachse Municipal Development District are included in the financial statements as discretely presented component units.

The annual budget serves as the foundation for Sachse's financial planning and control. Annual budgets are legally adopted for the General Fund, Utility Fund, Debt Service Fund, General Capital Projects Fund, General Vehicle/Equipment Replacement Fund, Special Revenue Fund, Impact Fee Fund, Street Maintenance Tax Fund, Health Insurance Fund, Bond Construction Fund, American Rescue Plan Act (ARPA) Fund, Tax Increment Financing Reinvestment Zone (TIRZ) #1 Fund, TIRZ #2 Fund, TIRZ #3 Fund, Sachse Economic Development Corporation (SEDC) Fund, and Municipal Development District (MDD) Fund. Each year the City Manager is required to submit to the City Council a proposed budget for the fiscal year, which runs from October 1 through September 30. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance and setting the limit for expenditures during the fiscal year. Expenditures in the adopted budget are appropriated by department and may be amended during the year. The City Manager is authorized to adjust budgeted amounts; however, such revisions may not result in total expenditures exceeding budgeted expenditures without approval of the City Council.

Throughout the year, monthly reports are provided to the individual departments to review and compare actual versus budgeted amounts, and summary budget reports are presented to the City Council. The Finance Department also reviews operating revenues and expenditures, recommending adjustments, as needed. On a quarterly basis, the Finance Department submits more detailed financial reports to the City Council.

Formal budgetary integration was not employed for the Hotel Occupancy Tax Fund. However, the City does develop an annual budget for that fund for managerial control.

LOCAL ECONOMY

The City of Sachse continues to enjoy a stable economic environment, and local indicators point to continued stability as part of the Dallas/Fort Worth Metroplex area. The close proximity to major transportation networks in the North Dallas regional area enhances residential and commercial development in Sachse. State Highway 78 connects Sachse to the President George Bush Turnpike, the North/South Central Expressway and the North/South Dallas Toll Road. The City is in close proximity to the Dallas Area Rapid Transportation System (DART) which includes both train and bus stations. The total transportation network gives current and future residents easy access to major industrial, commercial, and business developments in North Dallas. While Sachse is well-suited for residential development, it is anticipated that commercial development in the city will continue to increase with the eastern expansion of the George Bush Turnpike (Highway 190) to IH 30, which was completed in December 2011. In planning for this expansion, the City of Sachse put in place two Tax Increment Reinvestment Zones (TIRZs). The TIRZ contain approximately 540 acres for future commercial development. In addition, the City Council approved the establishment of a Public Improvement District in January 2019 to support the activation and development of the PGBT catalytic area.

Property Values – Assessed property values increased $509,013,229 (12%) with $164,107,162 in new property and $344,906,067 in existing property, from tax year 2023 to tax year 2024. During the last five years, assessed taxable property values have increased 76% (from $2,497,215,084 in tax year 2019 to $4,583,803,993 in tax year 2024). Property taxes account for 65% of General Fund revenue. With a well-educated populace and median household income of $130,839, Sachse enjoys an exceptionally high property tax collection rate.

Long-Term Strategic Planning – Long-term vision and strategic planning have been the catalyst for the City's transformation and shaping Sachse into a friendly, vibrant community offering a safe and enjoyable quality of life to all who call Sachse home. The City's annual budget process involves incorporating the goals and strategies identified by the City Council. Individual departments develop their goals and objectives in terms of these all-encompassing organizational goals. The City Council routinely checks in on its strategic

goals during annual Council retreats. The City Council continued the 2025 fiscal year with the same six strategic goals that it identified in its Strategic Plan in 2016:

1. Public Safety: Meet the public safety needs of a growing citizen, student, and business population
2. Infrastructure: Strategically invest in the City's existing and future infrastructure
3. Financial Stewardship: Be a model of financial stewardship through growth management, responsible investment, and financial transparency
4. Quality of Life: Provide a high quality of life environment for families, individuals, businesses, and other organizations in Sachse
5. Job Creation: Make Sachse more prosperous through job creation and quality development that adds community value
6. Government Services: Provide excellent government services to Sachse residents

These strategic goals and associated action items work in tandem with the City's Comprehensive Plan and the City's Long-term Financial Plan to create a synchronized system of governance for the organization.

Strategic Financial Plan – An appropriate financial plan for the City of Sachse requires many elements working in concert with one another. Additional demands for "essential" City services such as police, fire, sewer, drainage, and street improvements are anticipated. The Finance Department's management role will be to maintain and enhance financial plan elements and ensure the continued financial stability for the City of Sachse.

Financial Resource Planning – Strategic planning begins with determining the City's fiscal capacity, based upon long-term financial forecasts of recurring available revenues. Financial forecasts, coupled with financial trend analysis techniques and careful reserve analysis, will preserve the fiscal well-being of Sachse. Strategic planning is a critical element, not only to meet long-term financial stability goals, but to determine City Council objectives that will require special financial planning to achieve success.

Capital Improvement Planning – The City of Sachse's Capital Improvement Program is a multi-year financial plan for the acquisition, expansion, or rehabilitation of infrastructure, capital assets, or productive capacity of City services. The City's operating and capital project budgets are closely linked.

Revenues for the capital budget come from bond sales, development fees, intergovernmental revenues, and current operating revenues. The Capital Improvement Program, unlike the operating budget, is a six-year plan (including the budget year) that is reviewed and projects are reprioritized, as needed. Project budgets are used as a guide for projects, debt, and other related budget planning. Plans for future years are subject to change.

Debt Management – All debt issuances are for the purpose of financing capital infrastructure or long-lived costly assets. Each debt issuance is evaluated against multiple policies addressing: debt service as a percentage of operating expenditures, tax and revenue basis for the repayment of debt, the overall debt burden on the community, statutory limitations, and market factors affecting tax-exempt interest costs. Sizing of the City's capital improvement program based on debt capacity in conjunction with conservatively estimated pay-as-you-go revenues help stabilize per capita debt and lower annual debt service costs to the City for the long-term.

FISCAL YEAR 2025 HIGHLIGHTS

The City of Sachse experienced another productive and forward-moving year in 2025, marked by meaningful progress across public safety, infrastructure, financial stewardship, quality development, quality of life, and organizational excellence. These accomplishments reflect the continued leadership of the City Council and the dedication of City staff in advancing initiatives that strengthen services, enhance community well-being, and support the City's long-term vision.

Public safety remained a top priority, with several initiatives focused on operational readiness, employee wellness, and community preparedness. The City implemented a one-year trial transition to a 48/96 shift schedule within Fire-Rescue to enhance operational efficiency and support firefighter wellness. Emergency preparedness was further strengthened through expanded collaboration with the Radio Amateur Civil Emergency Service and Amateur Radio Emergency Service (RACES/ARES), improving communication redundancy during severe weather events. The City also enhanced its Automated External Defibrillator program by assigning oversight to the Fire & Med Corps, ensuring improved maintenance and reliability across facilities. In addition, all sworn police personnel completed Advanced Law Enforcement Rapid Response Training, while CRASE and RAD training opportunities were provided for employees and residents. The City adopted the Texas Blue Chip Program to enhance officer mental wellness resources and secured a Flock Safety camera grant for future implementation.

Significant progress was made in infrastructure and capital improvements throughout the year. The City continued to advance 2021 Bond Election projects at an accelerated pace and completed the official transfer of Sachse Road (Old SH 78) from TxDOT to the City. Major capital investments included asphalt overlays on Sachse Road and multiple neighborhood streets, stormwater and sewer system improvements, pump station upgrades, and utility rehabilitation projects across several corridors. The completion of a stormwater utility rate study further positioned the City to plan for long-term infrastructure sustainability.

Strong financial stewardship remained a cornerstone of City operations. The City received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the 2024 Annual Comprehensive Financial Report and the Distinguished Budget Presentation Award for the FY 2024–2025 Budget. Internal efficiencies were strengthened through the successful migration of Utility Billing to Tyler ERP Pro 10 and continued improvements to the annual budget process, resulting in clearer submissions and a more consistent, streamlined workflow for departments.

Quality development efforts continued to enhance the City's economic vitality. Numerous new businesses opened throughout the community, contributing to a diverse and growing local economy. The City adopted the updated Shaping Sachse Comprehensive Plan and received the Texas Planning Association's Planning Excellence Award. In support of future growth, the City executed a professional services agreement with Civic Solutions Partnership to develop an Economic Development Strategic Plan. Community and business engagement remained strong through events such as Taste of Sachse, the Sachse Farmers Market season, and the Business Appreciation Breakfast. The City also received the Texas Economic Development Council's Economic Excellence Recognition for the third consecutive year.

Investments in quality of life were evident across parks, library services, animal services, and community events. The City completed updates to Animal Services ordinances, enhanced J.K. Sachse Park with the addition of a new playground, and implemented Libby by OverDrive as the library's primary digital reading platform. Signature community events such as Red, White and Blue Blast, Falloween, Christmas Extravaganza, the J.K. Sachse Summer Concert Series, and Easter Egg Hunts continued to bring residents together and foster a strong sense of community.

The City also made notable strides in strengthening internal operations and organizational alignment. A comprehensive Compensation and Classification Study was initiated and implemented, updating job descriptions, pay structures, and market placement. A citywide Lunch and Learn series was launched to promote engagement and professional development. Organizational restructuring efforts

aligned services more effectively by relocating Information Technology under Finance, Facilities under the City Manager's Office, and Animal Services under Leisure Services. Additionally, IT completed major infrastructure improvements, including a Nutanix server migration and UPS system replacements, further enhancing cybersecurity and system reliability.

These accomplishments reflect the City's continued commitment to excellence, innovation, and responsive governance. As the City moves into 2026, it remains well-positioned to build on this progress and continue delivering high-quality services that enhance the lives of Sachse residents.

AWARDS AND ACKNOWLEDGEMENTS

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sachse for its ACFR for the fiscal year ended September 30, 2024. This was the twenty-sixth consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City's 2024-2025 Fiscal Year Budget received the GFOA Distinguished Budget Presentation Award. This was the thirteenth consecutive year the City's Budget has been so recognized. The 2024-2025 Fiscal Year Budget has been submitted for consideration.

Acknowledgements – Many people are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to representatives of Pattillo, Brown, and Hill, LLP for their invaluable assistance in producing the final document and to the Finance team who were instrumental in the completion of this report.

We would also like to thank the Mayor, City Council, and City of Sachse staff for their assistance, interest, and support in the preparation of this document as well as their support of conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Gina Nash
City Manager

David Baldwin
Finance Director

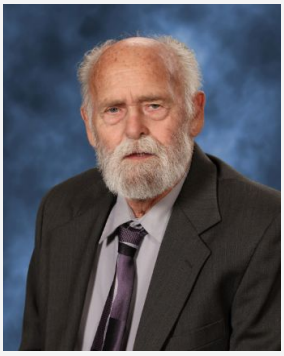
Jonah Nance
Assistant Finance Director

City Council Members

Mayor
Jeff Bickerstaff

Place One
Mayor Pro Tem
Brett Franks

Place Two
Councilmember
Michelle Howarth



Place Three
Councilmember
Frank Millsap

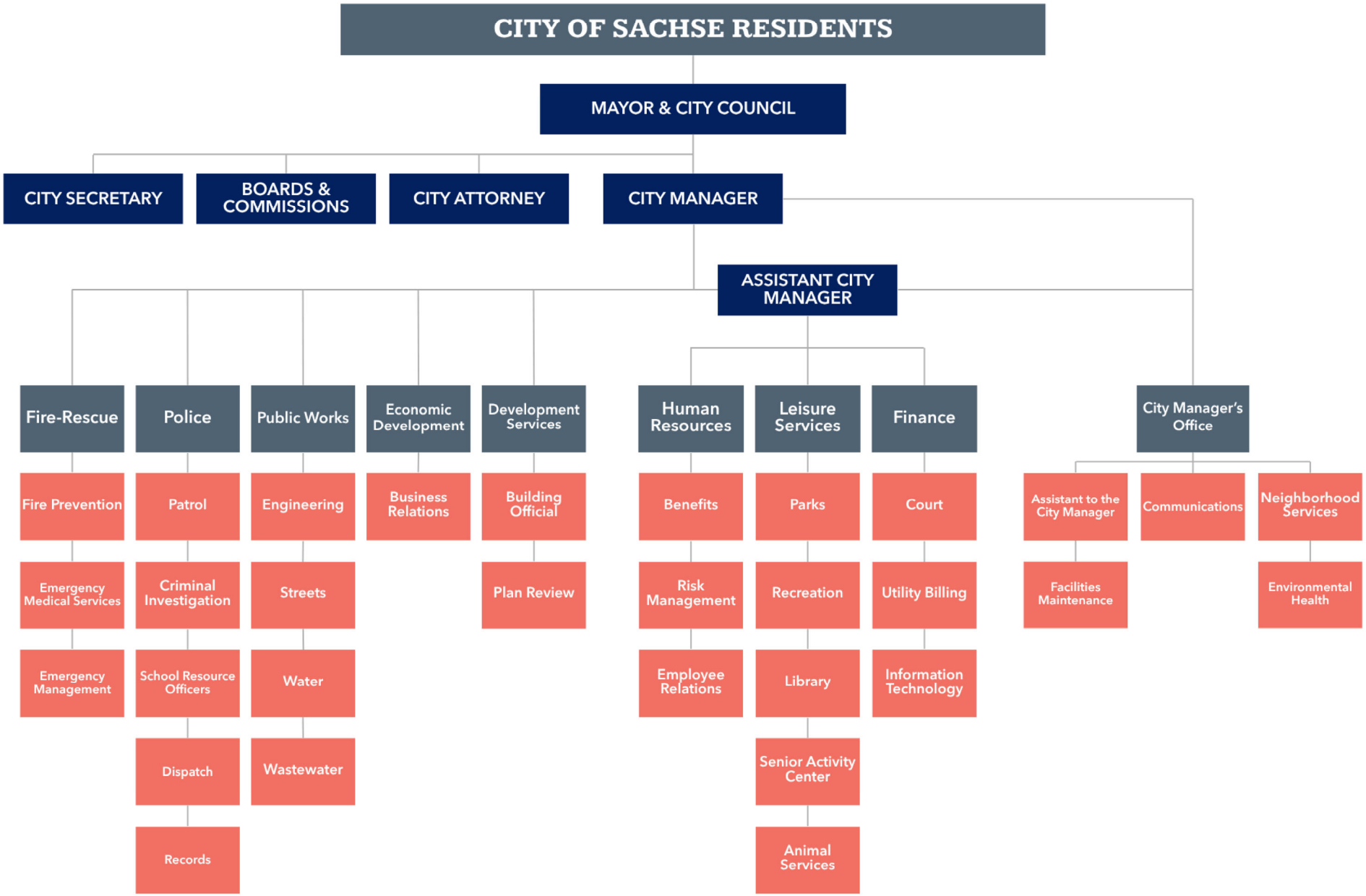
Place Four
Councilmember
Chance Lindsey

Place Five
Councilmember
Lindsay Buhler

Place Six
Councilmember
Matt Prestenberg

The Sachse City Council is composed of the mayor and six council members. The Council meets on the first and third Monday of each month at Sachse City Hall with meetings starting at 6:30 p.m. All meetings are open to the public. Citizens and employees are encouraged to attend.

Organizational Chart



Effective June 2, 2025

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sachse
Texas

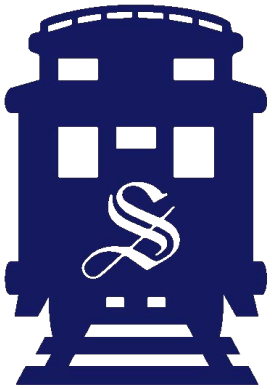
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION


The City of
SACHSE

PATTILLO, BROWN & HILL, L.L.P.
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Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
And Members of the City Council
City of Sachse, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Sachse, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sachse, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sachse, Texas' ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sachse, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sachse, Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sachse, Texas' basic financial statements. The budgetary schedules and discretely presented component unit fund statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules and discretely presented component unit fund statements, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

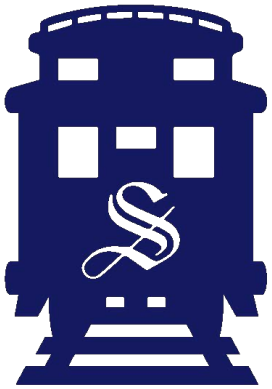
In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

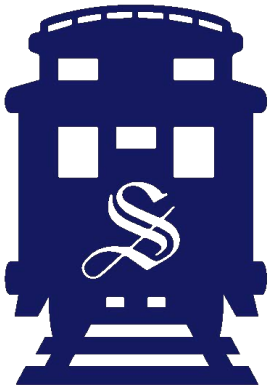
In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2026, on our consideration of the City of Sachse, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sachse, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sachse, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 2, 2026


The City of
SACHSE

MANAGEMENT'S
DISCUSSION AND ANALYSIS


The City of
SACHSE

As management of the City of Sachse, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Sachse for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets and deferred outflows of the City of Sachse exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $198,459,268 (net position). Of this amount, $34,856,725 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $10,441,788 from operations. This increase is consistent with prior year activity.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $78,744,092, a decrease of ($7,970,349) in comparison with the prior year. The primary cause of this is an increase in capital expenditures related to the 2024 bond projects and reclassification of a portion of nonmajor governmental fund balance to a fiduciary fund, per the PID agreement.

- At the end of the fiscal year, unassigned fund balance for the General Fund was $8,226,701 or 29.68% of total General Fund expenditures.

- The City's total long-term liabilities reflected a net decrease of ($32,433,976). The total governmental activities long-term debt at the close of the fiscal year was $76,893,759. Self-supporting debt of the proprietary fund was $11,278,507.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the former two and latter two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Sachse is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business- type activities*). The governmental activities of the City include general government, public safety, public works, leisure services, and development services. The business-type activities of the City include utility operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Sachse Economic Development Corporation and Sachse Municipal Development District, for which the City is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The Tax Increment Reinvestment Zones, although also legally separate, function for all practical purposes as a department of the City, and therefore have been included as an integral part of the primary government as special revenue funds.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sachse, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City of Sachse can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and the Tax Increment Reinvestment Funds, which are considered to be major funds. All other governmental funds are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its utility operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis are financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for health insurance.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund since it is considered a major fund of the City.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one fiduciary fund, Public Improvement District No. 1 (PID). The custodial fund reports resources held by the City in a custodial capacity for the PID.

Component Units. The City maintains the accounting and financial statements for five component units. The Sachse Economic Development Corporation and the Sachse Municipal Development District are reported as discrete component units on the government-wide financial statements. The George Bush Turnpike Reinvestment Zone, the Station Reinvestment Zone, and Highway 78 are reported as blended component units and are presented as one major fund, the tax increment reinvestment funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the General Fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Sachse, assets and deferred outflows exceeded liabilities and deferred inflows by $198,459,268 at the close of the most recent fiscal year. The largest portion of the City's total net position ($127,332,824) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding, plus bond proceeds that have not yet been spent. The City of Sachse uses these capital assets to provide services to citizens; consequently, these assets are not available for operational type of future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position ($36,269,719) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 18%, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Sachse is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Total capital assets as of September 30, 2025 and 2024 were $175,233,035 and $170,534,159, respectively. The increase of $4,698,876 was primarily attributable to new capital contributions for park improvements, street and road improvements, and utility infrastructure in the current year.

Total other liabilities as of September 30, 2025 and 2024 were $8,114,253 and $5,241,379, respectively. The increase of $2,872,874 was primarily due to a $2,749,176 accrual for ongoing construction costs related to infrastructure projects throughout the City.

City of Sachse's Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 87,884,193	$ 92,481,014	$ 29,002,085	$ 25,405,492	$116,886,278	$117,886,506
Capital assets, net	128,448,801	123,680,737	46,784,234	46,853,422	175,233,035	170,534,159
Total assets	216,332,994	216,161,751	75,786,319	72,258,914	292,119,313	288,420,665
Deferred outflows of resources	4,065,547	4,943,773	249,201	306,715	4,314,748	5,250,488
Current liabilities	7,004,956	3,789,045	1,109,297	1,452,334	8,114,253	5,241,379
Long-term liabilities	76,893,759	108,815,262	11,278,507	11,790,980	88,172,266	120,606,242
Total liabilities	83,898,715	112,604,307	12,387,804	13,243,314	96,286,519	125,847,621
Deferred inflows of resources	1,620,981	1,196,797	67,293	28,088	1,688,274	1,224,885
Net position:						
Net investment in capital assets	91,211,972	87,318,684	36,120,852	35,697,669	127,332,824	123,016,353
Restricted	36,269,719	36,617,957	-	-	36,269,719	36,617,957
Unrestricted	7,397,154	(16,632,221)	27,459,571	23,596,558	34,856,725	6,964,337
Total net position	$ 134,878,845	$107,304,420	$ 63,580,423	$ 59,294,227	$198,459,268	$166,598,647

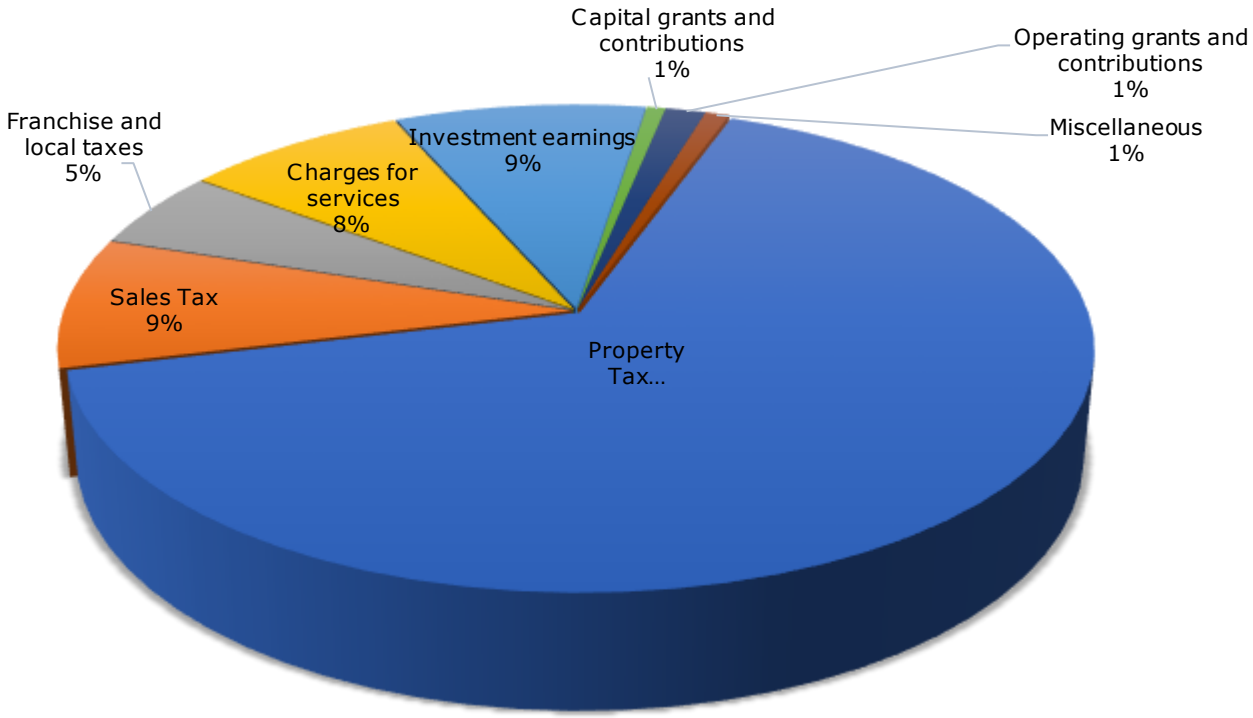
The government's net position increased by $10.4 million from operations. Additionally, the City restated beginning net position by $21,418,833 to account for the reclassification of long-term debt from a governmental fund to a fiduciary fund, per the related PID agreement.

The following table indicates changes in net position for governmental and business-type activities followed by graphs displaying total revenues and expenses by type:

City of Sachse's Changes in Net Position
Government-Wide

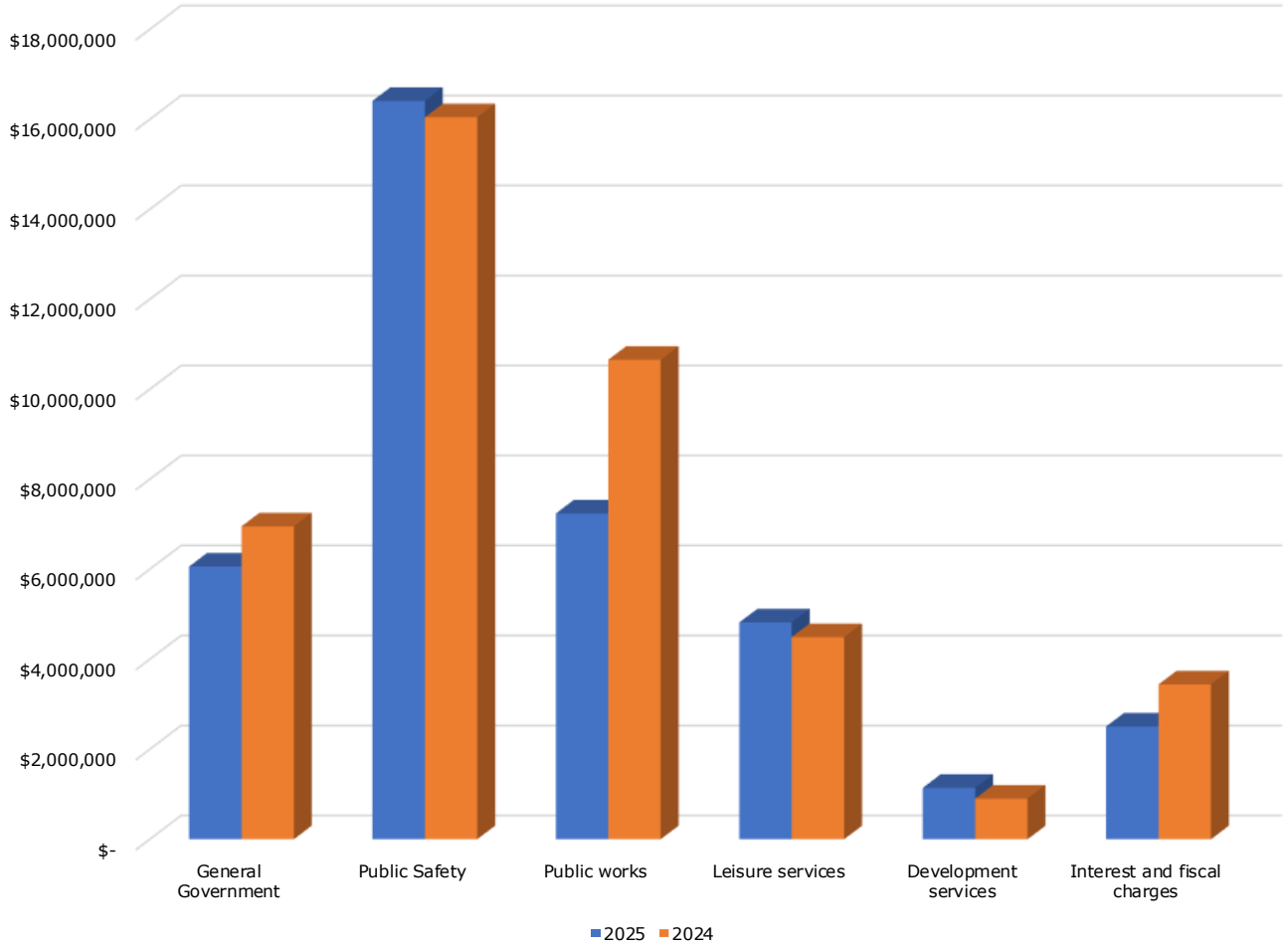
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 3,632,883	$ 3,100,608	$ 17,934,592	$ 17,341,948	$ 21,567,475	$ 20,442,556
Operating grants & contributions	648,954	184,661	-	-	648,954	184,661
Capital contributions	299,554	7,448,074	-	978,189	299,554	8,426,263
General revenues:						
Property taxes	29,109,122	28,198,987	-	-	29,109,122	28,198,987
Sales taxes	3,883,342	3,866,139	-	-	3,883,342	3,866,139
Other taxes	2,310,565	2,178,945	-	-	2,310,565	2,178,945
Investment earnings	4,062,959	3,810,272	1,097,264	1,121,845	5,160,223	4,932,117
Miscellaneous	389,320	173,606	118,908	-	508,228	173,606
Total revenues	44,336,699	48,961,292	19,150,764	19,441,982	63,487,463	68,403,274
Expenses:						
General government	6,059,123	6,951,144	-	-	6,059,123	6,951,144
Public safety	16,408,950	16,045,835	-	-	16,408,950	16,045,835
Public works	7,238,535	10,654,043	-	-	7,238,535	10,654,043
Leisure services	4,817,217	4,492,124	-	-	4,817,217	4,492,124
Development services	1,141,595	902,686	-	-	1,141,595	902,686
Interest and other fees	2,506,556	3,441,732	-	-	2,506,556	3,441,732
Utility	-	-	14,873,699	13,808,183	14,873,699	13,808,183
Total expenses	38,171,976	42,487,564	14,873,699	13,808,183	53,045,675	56,295,747
Increase in net position before transfers	6,164,723	6,473,728	4,277,065	5,633,799	10,441,788	12,107,527
Transfers	(9,131)	(245,695)	9,131	245,695	-	-
Change in net position	6,155,592	6,228,033	4,286,196	5,879,494	10,441,788	12,107,527
Net position - beginning of year	107,304,420	124,619,165	59,294,227	53,414,733	166,598,647	178,033,898
Adjustments	21,418,833	(23,542,778)	-	-	21,418,833	(23,542,778)
Net position - end of year	$ 134,878,845	$107,304,420	$ 63,580,423	$ 59,294,227	$198,459,268	$166,598,647

GENERAL REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



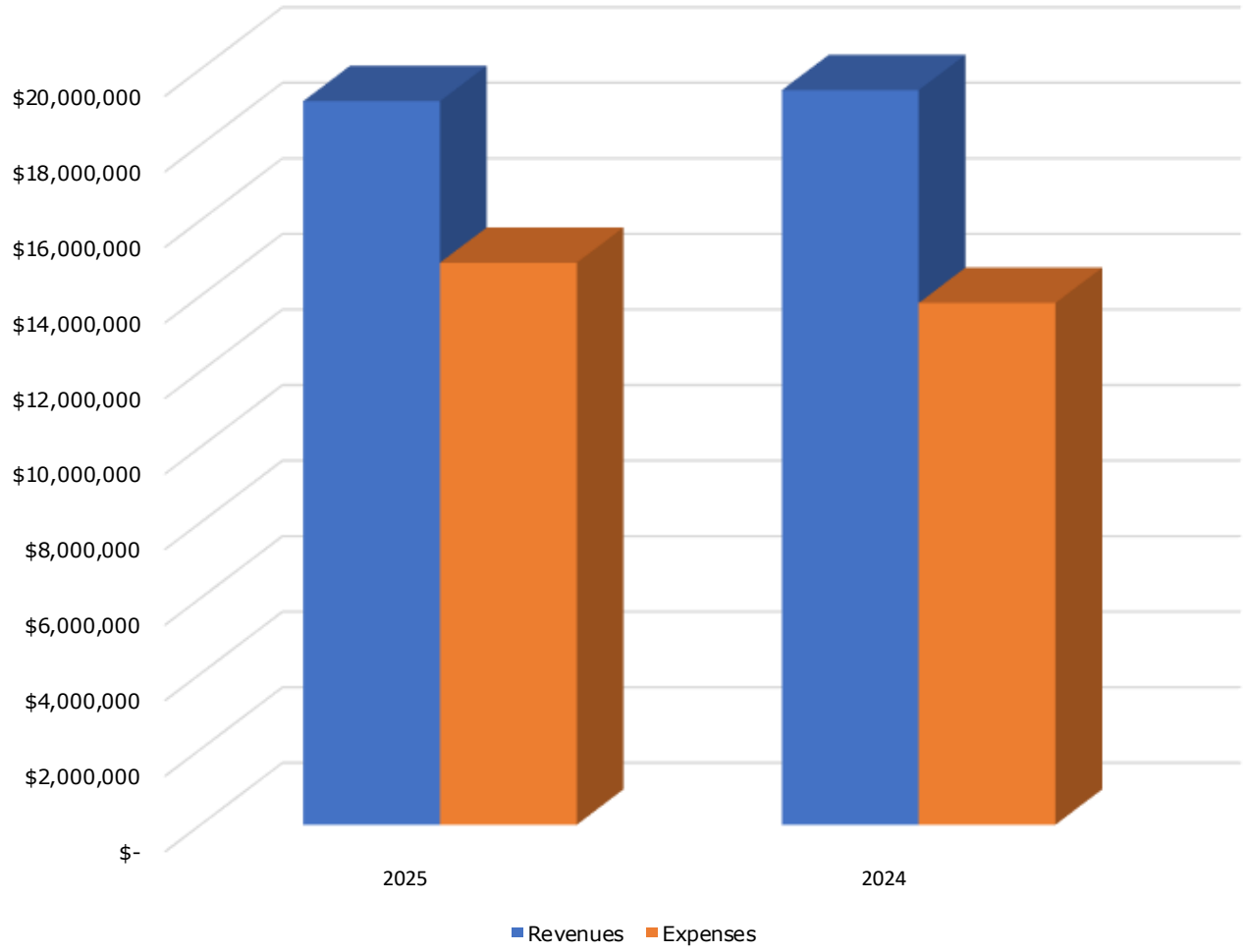
For the year ended September 30, 2025, revenues from governmental activities totaled $44,336,699. Property tax revenues are the City's largest general revenue source. Overall revenue decreased ($4,624,593) or -9%. Property taxes increased by $910,135 or 3% during the current year. The increase is primarily due to greater appraised values in the current year as a result of continued growth and development throughout the community. Operating grants and contributions increased by $464,293 or 251% primarily due to nonrecurring reimbursements for capital projects received in the prior year. Capital grants and contributions decreased by ($7,148,520) or -96% due to nonrecurring capital contributions for public works and park improvements in the current year. Charges for services increased by $532,275 or 17% primarily due to nonrecurring building permits in the current year. Investment income increased by $252,687 or over 7% due primarily to the city earning interest from a lease receivable, higher interest rates, and higher interest bearing account balances in the current year. Other revenues increased by $215,714 or over 124% primarily as a result of nonrecurring sale of assets in the current year. All other revenues remained relatively stable when compared to the previous year.

TOTAL EXPENSES – GOVERNMENTAL ACTIVITIES



For the year ended September 30, 2025, expenses for governmental activities totaled $38,171,976. This represents a decrease of ($4,315,588) or -10% from the prior year. The City's largest functional expense is public safety of $16,408,950, a 2% increase from prior year, which is primarily due to greater personnel expenses and vehicle maintenance and repair cost in the current year. General government expenses decreased by ($892,021) or -13% primarily due to greater personnel cost, which is directly related to an increase in wages and compensation. Public works expenses decreased by ($3,415,508) or -32% primarily due to the reclassification of the PID fund to governmental activities. Leisure services expenses increased by $325,093 or 7% primarily due to greater personnel expenses directly related to wage and compensation increase. In addition, the increase is due to new equipment and related instillation costs incurred during the year. Development services increased by $238,909 or 26% primarily due to nonrecurring professional services related to inspection fees for the PMB Station district and 3225 Switch Street in the prior year. Interest and fiscal charges decreased by ($935,176) or -27% compared to prior year primarily due to additional fiscal charges in the prior year from the 2024 bond issuance. All other expenses remained relatively consistent with the previous year.

TOTAL REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES



For the year ended September 30, 2025, charges for services by business-type activities totaled $17,934,592. This is an increase of $592,644 or 3% from the previous year. This increase directly relates to the City's growth and increase in consumption during the current year, as well as a 7% increase in utility rates charged to customers.

Total expenses increased $1,065,516 to a total of $14,873,699, due primarily to an increased volume of wastewater treated by the City of Garland, Texas, the City's wastewater treatment provider, as well as increased volume of water treated by North Texas Municipal Water District. In addition, the City incurred greater personnel costs, repairs and maintenance costs related to elevated storage tanks, sewer lines, and lift stations when compared to the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the City of Sachse uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $78,744,092. Of this total amount, $7,359,903 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed to pay debt service, for capital improvement projects, and other assigned purposes.

The General Fund is the chief operating fund of the City of Sachse. At the end of the current fiscal year, unassigned fund balance of the General Fund was $8,226,701, while total fund balance was $13,498,156, an increase of $852,579 from the prior year. Overall, the increase was caused by a large, budgeted transfer in as well as an increase in grants and donations. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30.32% of total General Fund expenditures, not including capital outlay.

The Debt Service Fund has a total fund balance of $1,713,820, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was $91,156. This increase was due to interest and sinking property tax revenue exceeding regular principal and interest payments on long-term debt during the year. The Debt Service Fund has sufficient cash and equivalents on hand to remain liquid if tax revenues decrease.

The Capital Projects Fund has a total fund balance of $51,118,007, a decrease of ($4,436,980) driven by the capital expenditures for ongoing bond projects.

The Tax Increment Reinvestment Zones (includes three funds) are used to track property tax collected for development. During the year, the funds received $3,316,716 in property taxes. The combined fund balance increased by $1,738,551 as a result of the property tax revenues received. All revenues received in the President George Bush Turnpike Reinvestment Zone are applied to advances from the Utility Fund and the Sachse Economic Development Corporation.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer fund at the end of the year amounted to $27,459,571. Total net position increased $4,286,196. The fund reported a net investment in capital assets of $36,120,852.

The City operates and maintains a utility distribution system with force mains and lift stations. The City has seven water storage facilities with a total capacity of approximately 8.2 million gallons. The following are additional comments regarding operations of the enterprise fund:

- The City received capital contributions of $791,083 from governmental activities.
- Operational expenses excluding depreciation and amortization were $12,000,790.
- Cash and cash equivalents in the utility fund were $25,318,195 at fiscal year-end.
- Investment balances in the utility fund were $1,483,071 at fiscal year-end.

An internal service fund was established for the purpose of tracking and allocating expenses for employee insurance. Revenue consists of budgeted allocations transferred from the general and utility funds. Expenses consist of premiums paid for health, dental, and life insurance, as well as contributions to health savings accounts and deductible reimbursements. The fund had an ending fund balance of $890,252 to be retained for future risk.

General Fund Budgetary Highlights

The General Fund expenditures were $240,444 less than the $27,955,201 budget. Overall activity in the General Fund increased during the current year as the City emerged from the COVID-19 pandemic, although the amount of growth was less than expected. Revenues were ($1,029,441) less than budgeted, primarily due to a decrease in new building permits. Overall, ending fund balance in the General Fund was ($1,724,838) lower than that budgeted for.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. As of the end of the year, the City's governmental activities funds had invested $128,448,801 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $46,784,234 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. The City's total investment in capital assets increased by $4,698,876, net of depreciation.

Major capital asset events during the current year include the following:

- Purchase of new vehicles for governmental activities totaling $330,000.
- Purchase of new machinery and equipment for business-type activities totaling $77,000.
- Bailey Hooper road improvement projects totaling $5,900,000.
- J.K. Sachse Park improvements totaling $1,100,000.
- Sachse Road improvements totaling $800,000.
- Improvements to various neighborhood streets and sidewalks totaling $470,000.
- Service Center construction totaling $370,000.
- Hilltop Trail/Meadow Lane utility rehab totaling $1,900,809.
- Purchased a new backup generator for $250,000.
- Public Works Pump Station improvements totaling $490,000.
- Maxwell Creek Pump Station improvements totaling $420,000.
-

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

Long-Term Debt. At the end of the current fiscal year, the City of Sachse had total long-term debt outstanding of $79,042,864. Of this amount, $10,583,597 is self-supporting through revenues collected from the rates of the City's utility fund. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions. More detailed information about the City's long-term liabilities is presented in note IV. D and E to the financial statements.

Economic Factors and Next Year's Budgets and Rates

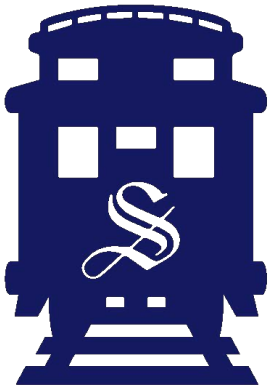
The 2025-2026 Fiscal Year Budget was approved by City Council on September 15, 2025. The tax rate adopted that same day was $0.650416 per $100 assessed value, same as the previous year. There was an increase in taxable values of $289.0 million (6.2%) from the previous year, resulting in an overall increase in budgeted ad valorem taxes of $1.4 million to be allocated across the General, Debt Service, and both Tax Increment Financing Funds. Overall, budgeted revenue for the General Fund increased by $1.3 million to a total of $31.3 million. Budgeted expenditures increased by $1.3 million over the amended 2024-2025 budget to a total of $31.2 million.

Budgeted revenue in the Utility Fund was estimated using rates adopted in September 2024 following a five-year update to the Utility Fund's cost-of-service and rate plan. Utility rates will be reviewed annually during the budget process. Budgeted revenues increased $1.3 million to $20.5 million, and expenditures increased $1.7 million to $32.1 million. The expenditure budget includes re-appropriation of previously unspent capital project budget.

The City's capital budget includes $58.9 million in new funding for various projects city-wide. Unlike the operating budget, funding for budgeted capital projects does not expire at the end of the fiscal year but continues until the project is complete. By funding source, the new amounts budgeted include $2.9 million from the Utility Fund, $0.7 million from General Fund, $3.5 million from utility impact fees, $1.1 million in street maintenance taxes, $0.3 million from Economic Development Corporation sales tax revenue, and $30.0 million from Texas Department of Transportation grant funds. Projects for the next year include Sachse Road Phase 3, Woodbridge Parkway, Merrit Road Re-alignment and Widening, Old Ben Davis Road, Sachse Road, Park Improvements, Southeast Sewer Expansion, and Public Works Pump Station.

Requests for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 3815-B Sachse Rd., Sachse, Texas 75048 or call (972) 495-1212.


The City of
SACHSE

BASIC
FINANCIAL STATEMENTS

CITY OF SACHSE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 80,275,178	$ 25,318,195	$ 105,593,373
Investments	4,701,997	1,483,071	6,185,068
Receivables, net	1,848,315	1,995,902	3,844,217
Inventory	-	184,491	184,491
Prepaid items	202,229	20,426	222,655
Lease receivables, noncurrent	856,474	-	856,474
Capital assets:			
Non-depreciable	45,260,104	1,950,371	47,210,475
Net depreciable capital assets	83,188,697	44,833,863	128,022,560
Total Assets	216,332,994	75,786,319	292,119,313
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	2,793,691	245,904	3,039,595
Related to OPEB	37,453	3,297	40,750
Deferred charge on refunding	1,234,403	-	1,234,403
Total Deferred Outflows of Resources	4,065,547	249,201	4,314,748
LIABILITIES			
Accounts payable and accrued liabilities	6,667,945	820,563	7,488,508
Accrued interest payable	336,561	43,050	379,611
Customer deposits	-	245,684	245,684
Unearned revenue	450	-	450
Noncurrent liabilities:			
Due within one year:			
Compensated absences	427,096	28,093	455,189
Long-term debt	4,970,553	451,303	5,421,856
Total OPEB liability	10,475	922	11,397
Due in more than one year:			
Compensated absences	1,708,386	112,372	1,820,758
Long-term debt	63,488,714	10,132,294	73,621,008
Net pension liability	5,925,135	521,536	6,446,671
Total OPEB liability	363,400	31,987	395,387
Total Liabilities	$ 83,898,715	$ 12,387,804	$ 96,286,519

The accompanying notes are an integral part of these financial statements.

Component Units	
Sachse EDC	Sachse MDD
$ 5,785,621	$ 466,341
338,912	27,318
261,328	127,113
-	-
4,740	-
-	-
1,649,893	-
1,490	-
8,041,984	620,772
-	-
-	-
-	-
-	-
25,830	316,806
-	-
-	-
-	-
4,829	-
607	-
-	-
19,318	-
970	-
-	-
-	-
$ 51,554	$ 316,806

CITY OF SACHSE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	$ 635,937	$ 55,976	$ 691,913
Related to OPEB	128,570	11,317	139,887
Related to leases	856,474	-	856,474
Total Deferred Inflows of Resources	1,620,981	67,293	1,688,274
NET POSITION			
Net investment in capital assets	91,211,972	36,120,852	127,332,824
Restricted for:			
Debt service	1,858,840	-	1,858,840
Capital improvements	29,122,768	-	29,122,768
Municipal court	429,617	-	429,617
Street maintenance	905,564	-	905,564
Hotel occupancy	54,957	-	54,957
TIRZ activities	3,897,973	-	3,897,973
Economic development	-	-	-
Municipal development	-	-	-
Unrestricted	7,397,154	27,459,571	34,856,725
Total Net Position	$ 134,878,845	$ 63,580,423	$ 198,459,268

The accompanying notes are an integral part of these financial statements.

Component Units	
Sachse EDC	Sachse MDD
$ -	$ -
-	-
-	-
-	-
1,649,806	-
-	-
-	-
-	-
-	-
-	-
-	-
6,340,624	-
-	303,966
-	-
$ 7,990,430	$ 303,966

CITY OF SACHSE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 6,059,123	$ 388,986	$ 394,539	$ -
Public safety	16,408,950	1,465,742	107,585	27,660
Public works	7,238,535	539,844	-	271,894
Leisure services	4,817,217	187,360	5,724	-
Development services	1,141,595	1,050,951	141,106	-
Interest and fiscal charges	2,506,556	-	-	-
Total Governmental Activities	38,171,976	3,632,883	648,954	299,554
Business-type activities:				
Water	9,079,135	10,460,572	-	-
Sewer	5,788,190	7,236,634	-	-
Stormwater drainage	6,374	237,386	-	-
Total Business-Type Activities	14,873,699	17,934,592	-	-
Total Primary Government	53,045,675	21,567,475	648,954	299,554
Component Unit				
Sachse EDC	1,965,382	-	-	-
Sachse MDD	1,155,752	-	-	-
Total component Units	$ 3,121,134	$ -	$ -	$ -

General revenues:	
Taxes:	
Property taxes	
Sales taxes	
Franchise and local taxes	
Investment income	
Other revenues	
Transfers	
Total General Revenues and Transfers	
Change in Net Position	
Net Position - Beginning, as Previously Reported	
Restatement	
Error Correction	
Net Position - Beginning, as Restated	
Net Position - Ending	

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Sachse EDC	Sachse MDD
$ (5,275,598)	$ -	$ (5,275,598)	$ -	$ -
(14,807,963)	-	(14,807,963)	-	-
(6,426,797)	-	(6,426,797)	-	-
(4,624,133)	-	(4,624,133)	-	-
50,462	-	50,462	-	-
(2,506,556)	-	(2,506,556)	-	-
(33,590,585)	-	(33,590,585)	-	-
-	1,381,437	1,381,437	-	-
-	1,448,444	1,448,444	-	-
-	231,012	231,012	-	-
-	3,060,893	3,060,893	-	-
(33,590,585)	3,060,893	(30,529,692)	-	-
			(1,965,382)	-
			-	(1,155,752)
			(1,965,382)	(1,155,752)
29,109,122	-	29,109,122	-	-
3,883,342	-	3,883,342	1,517,143	737,837
2,310,565	-	2,310,565	-	-
4,062,959	1,097,264	5,160,223	274,872	33,177
389,320	118,908	508,228	1,143	-
(9,131)	9,131	-	-	-
39,746,177	1,225,303	40,971,480	1,793,158	771,014
6,155,592	4,286,196	10,441,788	(172,224)	(384,738)
107,304,420	59,294,227	166,598,647	8,162,654	688,704
21,418,833	-	21,418,833	-	-
128,723,253	59,294,227	188,017,480	8,162,654	688,704
$ 134,878,845	$ 63,580,423	$ 198,459,268	$ 7,990,430	$ 303,966

CITY OF SACHSE, TEXAS

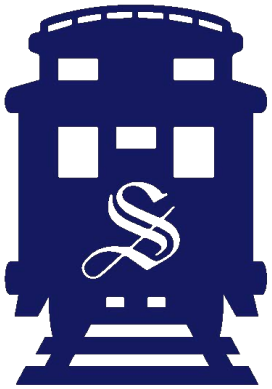
BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	General Fund	Debt Service	Capital Projects
ASSETS			
Cash and cash equivalents	$ 12,965,422	$ 1,615,862	$ 51,508,721
Investments	759,165	94,654	3,017,293
Receivables, net	2,420,987	148,324	-
Prepaid items	202,229	-	-
Total Assets	16,347,803	1,858,840	54,526,014
LIABILITIES			
Accounts payable and accrued liabilities	1,412,763	-	3,408,007
Unearned revenues	450	-	-
Total Liabilities	1,413,213	-	3,408,007
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues:			
Property taxes	322,641	145,020	-
Fines receivable, net	7,349	-	-
Lease related	856,474	-	-
Ambulance	249,970	-	-
Total Deferred Inflows of Resources	1,436,434	145,020	-
FUND BALANCES			
Nonspendable for:			
Prepaids	202,229	-	-
Restricted for:			
Debt service	-	1,713,820	-
Capital improvement	-	-	51,118,007
Municipal court	-	-	-
Street maintenance	-	-	-
Hotel occupancy	-	-	-
TIRZ activities	-	-	-
Assigned for:			
Vehicle replacement	5,069,226	-	-
Unassigned	8,226,701	-	-
Total Fund Balances	13,498,156	1,713,820	51,118,007
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 16,347,803	$ 1,858,840	$ 54,526,014

The accompanying notes are an integral part of these financial statements.

Tax Increment Reinvestment Zones	Nonmajor Governmental Funds	Total Governmental Funds
$ 3,937,215	$ 9,392,614	$ 79,419,834
230,635	550,146	4,651,893
-	135,478	2,704,789
-	-	202,229
4,167,850	10,078,238	86,978,745
1,136,675	695,304	6,652,749
-	-	450
1,136,675	695,304	6,653,199
-	-	467,661
-	-	7,349
-	-	856,474
-	-	249,970
-	-	1,581,454
-	-	202,229
-	-	1,713,820
-	7,992,796	59,110,803
-	429,617	429,617
-	905,564	905,564
-	54,957	54,957
3,897,973	-	3,897,973
-	-	5,069,226
(866,798)	-	7,359,903
3,031,175	9,382,934	78,744,092
$ 4,167,850	$ 10,078,238	$ 86,978,745


The City of
SACHSE

CITY OF SACHSE, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds		$ 78,744,092
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		128,448,801
Bonds payable and accrued compensated absences will not be liquidated with current financial resources and, therefore, have not been included in the fund financial statements.		(67,508,297)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.		(336,561)
Premiums on bond issuances and deferred losses on bond refunding are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.		
Premiums		(4,645,740)
Deferred loss		2,793,691
Receivables from grants, property taxes and fines and fees are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the fund financial statements.		724,980
Included in the items related to debt is the recognition of the City's net pension liability, total OPEB liability, and related deferred outflows and inflows of resources.		
Net pension liability		(5,925,135)
Deferred outflows related to pensions		2,793,691
Deferred inflows related to pensions		(635,937)
Total OPEB liability		(373,875)
Deferred outflows related to OPEB		37,453
Deferred inflows related to OPEB		(128,570)
Net Position of Governmental Activities		$ 134,878,845

The accompanying notes are an integral part
of these financial statements.

CITY OF SACHSE, TEXAS

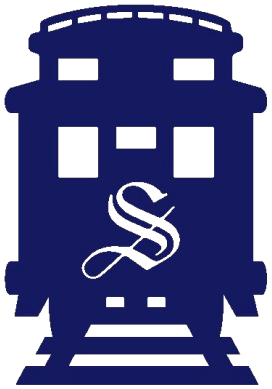
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service	Capital Projects
REVENUES			
Property tax	$ 17,876,117	$ 7,604,430	$ -
Sales tax	3,124,770	-	-
Franchise and local taxes	2,284,826	-	-
License, Permits and fees	1,753,847	-	-
Intergovernmental	648,121	-	621,894
Grants and donations	479,347	-	-
Fines and forfeitures	344,262	-	-
Impact and development fees	-	-	-
Investment income	806,064	152,682	2,458,581
Other revenue	183,221	-	27,660
Total Revenues	27,500,575	7,757,112	3,108,135
EXPENDITURES			
Current:			
General government	4,328,558	-	-
Public safety	15,106,231	-	-
Public works	2,150,219	-	152,430
Leisure services	4,182,872	-	-
Development services	782,284	-	-
Combined services	543,194	-	-
Debt service:			
Principal	38,602	5,120,000	-
Interest and fiscal charges	(1,167)	2,586,523	(4,503)
Capital outlay	583,964	-	8,077,188
Total Expenditures	27,714,757	7,706,523	8,225,115
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(214,182)	50,589	(5,116,980)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,505,522	40,567	680,000
Transfers out	(720,567)	-	-
Sale of general capital asset	66,677	-	-
Insurance recoveries	215,129	-	-
Total Other Financing Sources (Uses)	1,066,761	40,567	680,000
NET CHANGE IN FUND BALANCE	852,579	91,156	(4,436,980)
FUND BALANCES - BEGINNING, AS PREVIOUSLY REPORTED	12,645,577	1,622,664	55,554,987
ADJUSTMENTS			
Change within financial reporting entity	-	-	-
FUND BALANCES - BEGINNING, AS RESTATED	12,645,577	1,622,664	55,554,987
FUND BALANCES - ENDING	$ 13,498,156	$ 1,713,820	$ 51,118,007

The accompanying notes are an integral part of these financial statements.

Tax Increment Reinvestment Zones	Nonmajor Governmental Funds	Total Governmental Funds
$ 3,316,716	$ -	$ 28,797,263
-	758,572	3,883,342
-	25,739	2,310,565
-	-	1,753,847
-	-	1,270,015
-	7,722	487,069
-	84,351	428,613
-	539,844	539,844
134,503	471,009	4,022,839
-	-	210,881
3,451,219	1,887,237	43,704,278
588,838	6,171	4,923,567
-	33,423	15,139,654
-	2,385,717	4,688,366
-	-	4,182,872
-	-	782,284
-	-	543,194
-	-	5,158,602
-	-	2,580,853
1,123,830	485,844	10,270,826
1,712,668	2,911,155	48,270,218
1,738,551	(1,023,918)	(4,565,940)
-	8,589,463	10,815,552
-	(9,313,033)	(10,033,600)
-	-	66,677
-	-	215,129
-	(723,570)	1,063,758
1,738,551	(1,747,488)	(3,502,182)
1,292,624	15,598,589	86,714,441
-	(4,468,167)	(4,468,167)
1,292,624	11,130,422	82,246,274
$ 3,031,175	$ 9,382,934	$ 78,744,092


The City of
SACHSE

CITY OF SACHSE, TEXAS

RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net Changes in Fund Balances - Governmental Funds	$ (3,502,182)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, that cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	11,587,484
Depreciation expense	(6,804,916)
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, or donations) is to decrease net position.	(14,504)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(3,880)
Court fines	311,859
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Repayment of principal of long-term debt	5,158,602
Amortization of loss on refunding	205,235
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated Absences	(126,785)
Net pension liability	(515,160)
Total OPEB liability	(7,105)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.	(130,938)
Change in Net Position of Governmental Activities	$ 6,155,592

The accompanying notes are an integral part of these financial statements.

CITY OF SACHSE, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds	Governmental Activities
	Utility Fund	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,318,195	$ 855,344
Investments	1,483,071	50,104
Receivables, net	1,995,902	-
Prepaid items	20,426	-
Inventory	184,491	-
Total Current Assets	29,002,085	905,448
Noncurrent assets:		
Capital assets:		
Non-depreciable	1,950,371	-
Net depreciable capital assets	44,833,863	-
Total Noncurrent Assets	46,784,234	-
Total Assets	75,786,319	905,448
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	245,904	-
Related to OPEB	3,297	-
Total Deferred Outflows of Resources	$ 249,201	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF SACHSE, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds	Governmental Activities
	Utility Fund	Internal Service Fund
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilites	$ 820,563	$ 15,196
Accrued interest	43,050	-
Customer deposits	245,684	-
Compensated absences - current	28,093	-
Long-term debt - current	451,303	-
Total OPEB liability - current	922	-
Total Current Liabilities	1,589,615	15,196
Noncurrent liabilities:		
Compensated absences, noncurrent	112,372	-
Long-term debt - noncurrent	10,132,294	-
Net pension liability	521,536	-
Total OPEB liability, noncurrent	31,987	-
Total Noncurrent Liabilities	10,798,189	-
Total Liabilities	12,387,804	15,196
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	55,976	-
Related to OPEB	11,317	-
Total Deferred Inflows of Resources	67,293	-
NET POSITION		
Net investment in capital assets	36,120,852	-
Unrestricted	27,459,571	890,252
Total Net Position	$ 63,580,423	$ 890,252

CITY OF SACHSE, TEXAS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds	Governmental Activities
	Utility Fund	Internal Service Fund
OPERATING REVENUES		
Water revenue	$ 10,274,668	$ -
Sewer revenue	7,199,477	-
Drainage fee revenue	237,386	-
Connection and tap charges	29,235	-
Other revenue	312,734	17,020
Total Operating Revenues	18,053,500	17,020
OPERATING EXPENSES		
Administration	500,338	-
Personnel services	1,283,248	59,258
Cost of water operations	6,469,248	-
Cost of sewer operations	3,742,950	-
Cost of stormwater drainage operations	5,006	-
Depreciation	2,529,319	-
Total Operating Costs	14,530,109	59,258
Operating Income (Loss)	3,523,391	(42,238)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	1,097,264	40,120
Interest expense	(343,590)	-
Total Non-Operating Revenues (Expenses)	753,674	40,120
Income before contributions and transfers	4,277,065	(2,118)
Contributions from governmental activities	791,083	-
Transfers in	700,000	-
Transfers out	(1,481,952)	-
CHANGE IN NET POSITION	4,286,196	(2,118)
NET POSITION - BEGINNING	59,294,227	892,370
NET POSITION - END OF YEAR	$ 63,580,423	$ 890,252

The accompanying notes are an integral part
of these financial statements.

CITY OF SACHSE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds	Governmental Activities
	Utility Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 18,147,962	$ 17,020
Payments to suppliers	(11,152,897)	(44,614)
Payments to employees	(1,244,039)	-
Net Cash Provided By Operating Activities	5,751,026	(27,594)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	700,000	-
Transfers (out)	(1,481,952)	-
Net Cash Used in Non-Capital Financing Activities	(781,952)	-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Capital purchases	(1,672,038)	-
Disposal of assets	2,990	-
Principal paid on debt	(435,000)	-
Interest paid on debt	(365,776)	-
Net Cash Used in Capital and Related Financing Activities	(2,469,824)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	12,495,930	481,696
Interest on investments	1,097,264	40,120
Net Cash Provided By (Used in) Investing Activities	13,593,194	521,816
Net (Decrease) Increase in Cash and Cash Equivalents	16,092,444	494,222
Cash and cash equivalents at beginning of year:		
Cash and cash equivalents	9,225,751	361,122
Cash and cash equivalents at end of year:		
Cash and cash equivalents	25,318,195	855,344
	$ 25,318,195	$ 855,344

CITY OF SACHSE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds	Governmental Activities
	Utility Fund	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ 3,523,391	$ (42,238)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	2,529,319	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	80,547	-
Inventory	(64,616)	-
Prepaid items	(16,010)	-
Deferred outflows - pension liability	54,937	-
Deferred outflows- OPEB liability	2,577	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(354,729)	14,644
Compensated absences	(10,712)	-
Customer deposits	13,915	-
Deferred inflows - pension liability	41,069	-
Deferred inflows - OPEB liability	(1,864)	-
OPEB liability	401	-
Net pension liability	(47,199)	-
Net cash provided by operating activities	$ 5,751,026	$ (27,594)
SCHEDULE OF NON-CASH CAPITAL ACTIVITIES		
Capital assets transferred from govt. activities	$ 791,083	$ -
Total non-cash capital activities	$ 791,083	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF SACHSE, TEXAS

STATEMENT OF NET POSITION
FIDUCIARY FUND

SEPTEMBER 30, 2025

	PID
ASSETS	
Cash and cash equivalents	$ 4,323,435
Total Current Assets	4,323,435
LIABILITIES	-
NET POSITION	
Unrestricted	4,323,435
Total Net Position	$ 4,323,435

The accompanying notes are an integral part of these financial statements.

CITY OF SACHSE, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	PID
ADDITIONS	
Property owner assessments	$ 2,121,343
Investment earnings	201,476
Total Additions	2,322,819
DEDUCTIONS	
Payment to developer	400,712
Administrative expenses	183,446
Debt Service Principal	455,000
Interest expense	1,428,393
Total Deductions	2,467,551
NET CHANGE IN NET POSITION	(144,732)
NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED	-
ADJUSTMENTS	
Error Correction	4,468,167
NET POSITION - BEGINNING, AS RESTATED	4,468,167
NET POSITION - ENDING	$ 4,323,435

The accompanying notes are an integral part of these financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Sachse, Texas (the "City") was incorporated in 1956 under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925 and has adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Sachse Economic Development Corporation (the "SEDC") and the Sachse Municipal Development District (the "MDD"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units

President George Bush Turnpike (PGBT) Reinvestment Zone Tax Increment Fund

The City created the PGBT Reinvestment Zone Tax Increment Fund (the "TIF") in November 2003 to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The five-member Board of Directors are appointed by the Sachse City Council and serve for two-year staggered terms. The members of the Board are citizens of Sachse. Any future debt obligations issued and backed by the TIF are to be repaid from property tax levies, based on the incremental increase in the real property values from the base year 2003.

The TIF Board of Directors acts primarily in an advisory role to the City Council, who exercise the ultimate financial control over the recommendations of the TIF board, including its budget and expenditures. The financial information of the TIF is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

Station Reinvestment Zone

The City created the Station Reinvestment Zone (the "TIF") to overlay the Public Improvement District ("PID") for the Station development. Incremental revenues within the Zone will be used to reduce the PID assessment required for each property.

The TIF Board of Directors acts primarily in an advisory role to the City Council, who exercise the ultimate financial control over the recommendations of the TIF board, including its budget and expenditures. The financial information of the TIF is blended as a governmental fund into the primary government. Separate financial statements are not prepared.

Discretely Presented Component Units

Sachse Economic Development Corporation

The Sachse Economic Development Corporation (the "SEDC") serves all citizens of the City and is governed by a seven-member board of directors appointed by the Sachse City Council. An Executive Director is appointed by the SEDC seven-member board to carry out the Board's administrative and policy initiatives. The SEDC does not provide services entirely, or almost entirely to the City, nor does it maintain debt of any type that is repaid using City resources. The SEDC is a 4B Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the SEDC benefits citizens and is operated primarily within geographic boundaries of the City.

Separate financial statements are not prepared. However, additional financial information for the SEDC may be obtained at the entity's administrative offices at the following address: Sachse Economic Development Corporation 3815 Sachse Road, Sachse, Texas 75048.

Sachse Municipal Development District

The Sachse Municipal Development District (the "MDD") was created for the purpose of developing and financing all development projects specifically related to park and recreation projects and facilities. The MDD is governed by a seven-member board of directors appointed by the Sachse City Council. The City's Parks and Recreation Director will serve as the City Liaison to the MDD, provide administrative support services for the MDD, and perform duties for the Board, as prescribed by City Council. The MDD does not provide services entirely, or almost entirely to the City, nor does it maintain debt of any type that are repaid using City resources. The MDD is a 4B Corporation and is supported by a one-fourth of one percent sales tax voted by referendum on November 17, 2017. The scope of public service of the MDD benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

Separate financial statements are not prepared. However, additional financial information for the MDD may be obtained at the entity's administrative offices at the following address: Sachse Municipal Development District 3815-B Sachse Road, Sachse, Texas 75048.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which primarily rely on fees and charges for support.

Fiduciary activities are not reported in the government-wide financial statements. While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has two discretely presented component units and are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With this measurement focus, all assets, deferred outflows of resources and liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The enterprise, internal service, and custodial funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The City reports the following major governmental funds:

The **General Fund** is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, leisure services, development services, and nondepartmental. This fund is considered to be a major fund.

The **Debt Service Fund** is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. This fund is considered to be a major fund.

The **Capital Projects Fund** accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds. The City has an internal vehicle replacement fund, and it is presented with the Capital Projects Fund in the fund financial statements. This fund is considered to be a major fund.

Tax Increment Reinvestment Zones includes the PGBT Reinvestment Zone Tax Increment Fund and the Station Reinvestment Zone within this financial reporting fund grouping The PGBT Reinvestment Zone Tax Increment Fund was created to encourage and accelerate planned development along the George Bush Eastern Extension of the Turnpike to the City. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. The Station Reinvestment Zone was created to overlay the PID for the Station development. Incremental revenues within the Zone will be used to reduce the PID assessment required for each property. These funds are combined and considered major for reporting purposes.

The City reports the following major enterprise funds:

The **Utility Fund** is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection, and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

Additionally, the City reports the following internal service fund:

The Health Insurance Fund is used to account for health insurance benefits provided to City employees.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools

E. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application.* GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

F. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

G. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are reported at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized (the consumption method).

H. Capital Assets

Capital assets, which include property, plant, equipment, right to use equipment, right to use subscriptions, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years. Right to use assets are amortized over the life of the contract term.

Assets	Use Lives (Years)
Vehicles	5 - 10
Machinery and equipment	5 - 10
Infrastructure	5 - 30
Buildings and improvements	25
Right to use assets	2 - 5

I. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

J. Leases

The City has entered into lease agreements as both lessee and lessor. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

Lessee. The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor. The City is a lessor for a noncancellable lease of a cell tower. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

K. Subscription-Based Information Technology Arrangements

The City is a lessee for subscription-based IT arrangements (SBITAs). The City recognizes liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a SBITA, the City initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.

- The agreement term includes the noncancellable period of the SBITA.

- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. These right to use assets are reported with other capital assets and liabilities are reported with long-term debt on the statement of net position.

L. Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. Once per year, employees with accumulations greater than 40 hours may redeem 3 days of sick and vacation leave. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of unused vacation pay based upon the years of service. Sick leave is not paid at termination or retirement. All vacation and qualifying sick leave that accumulates and is more likely than not to be used is accrued when incurred in the government-wide and proprietary fund financial statements. The City estimates that 40% of sick leave balances are more likely than not to be paid in future years, and this is included in the liability. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of governmentwide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when they are paid.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Other Post-Employment Benefits (OPEB)

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

P. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the fund.

Q. Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has, by resolution, authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The government has adopted a policy to maintain a minimum reserve of an amount equal to or greater than 25% of operating expenditures. The utility fund working capital should be maintained at a minimum of 20-25% of the total operating expenditures or the equivalent of 75 days. The debt service fund reserve is maintained at a level to support interest and principal payments in the event of a delay in property tax collections.

R. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

S. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

T. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund are charges to customers for sales and services. The Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General, Debt Service, SEDC, Special Revenue, Impact Fee, Street Maintenance, and the Utility Fund. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Supplemental budget appropriations were made during the year, impacting the Impact Fee Fund and the Street Maintenance Fund.

The City has implemented procedures to ensure budgetary compliance. No expenditure can be made unless there is a budget available, or an approved budget amendment has been submitted. Department head and management will review the budget variances on a regular basis, and the budget will be amended, if necessary.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Cash, Cash Equivalents and Investments

As stated in I.D.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City's investments in 2a7-like pools such as Logic and TEXAS-FIT are included in this category. Although the City's investments in Logic and TEXAS-FIT are available for immediate withdrawal, disclosure of the pool's weighted average maturity and bond rating are required.

The City had the following deposits and investments at year end:

Description	9/30/2025	Fair Value Measurement Using (Level 1)	Fair Value Measurement Using (Level 2)
Primary government:			
Bank Deposits	$ 939,537	$ -	$ -
Money market accounts	16,015,088	-	-
Logic	1,907,853	-	-
TEXAS-FIT	47,611,390	-	-
Certificates of Deposit	6,185,068	-	-
Investments by fair value level:			
Debt securities:			
Commercial Paper	26,001,812	-	26,001,812
U.S. Treasury Bonds	13,117,693	13,117,693	-
Total debt securities	39,119,505	13,117,693	26,001,812
Total primary government	$ 111,778,441	$ 13,117,693	$ 26,001,812
Component units:			
Bank Deposits	$ 55,218	$ -	$ -
Money market accounts	948,282	-	-
Logic	112,967	-	-
TEXAS-FIT	2,819,158	-	-
Certificates of Deposit	366,230	-	-
Debt securities:			
Commercial Paper	1,539,615	-	1,539,615
U.S. Treasury Bonds	776,722	776,722	-
Total debt securities	2,316,337	776,722	1,539,615
Total component units	6,618,192	776,722	1,539,615
Total reporting entity	$ 118,396,633	$ 13,894,415	$ 27,541,427

Of the City's total fair value investments, $27,041,975 were valued using the present value of expected future cash flow model and $13,779,654 were valued using documented trade history in exact security. The City invests in external investment pools with a credit rating of AAAm.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit Risk. The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAm, or equivalent, by at least one nationally recognized rating service. As of September 30, 2025, the City's investment in LOGIC was rated AAAm by Standard & Poor's.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. As of September 30, 2025, the fair values of pledged securities and FDIC exceeded bank balances.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which it was imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

C. Receivables

1. Receivables as of September 30, 2025 for the government's individual major funds and nonmajor funds are as follows:

	Governmental Activities			Business-Type Activities	
	General Fund	Debt Service	Nonmajor Funds	Water and Sewer Fund	Total
Receivables:					
Property taxes	$ 446,718	$ 190,159	$ -	$ -	$ 636,877
Sales tax	522,656	-	130,664	-	653,320
Mixed beverage taxes	11,659	-	-	-	11,659
Franchise taxes	251,843	-	-	-	251,843
Customers	-	-	-	2,046,442	2,046,442
Court fines	175,784	-	-	-	175,784
Grants	98,749	-	-	-	98,749
EMS	1,027,922	-	-	-	1,027,922
Leases	856,474	-	-	-	856,474
Other	-	-	4,814	-	4,814
Gross receivables	3,391,805	190,159	135,478	2,046,442	5,763,884
Less: allowance for uncollectible accounts	(970,818)	(41,835)	-	(50,540)	(1,063,193)
Net receivables	$ 2,420,987	$ 148,324	$ 135,478	$ 1,995,902	$ 4,700,691

2. The following comprise receivable balances of the component units at year end:

	Sachse EDC	Sachse MDD	Total
Sales tax	$ 261,328	$ 127,113	$ 388,441
Total	$ 261,328	$ 127,113	$ 388,441

3. The City is the lessor of three contracts in which the City receives lease payments from Verizon Wireless, AT&T, and the Federal Aviation Administration ("FAA") for the use tower space, real property, and water tower facilities, respectively. The lease commenced several years ago. Monthly lease payments range from $1,207 to $2,300. As of September 30, 2025, the lease receivable is $856,475, which is fully deferred.

The annual principal and interest payments to be received are as follows:

Year ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	$ 8,364	$ 22,663	$ 31,027
2027	3,739	22,461	26,200
2028	4,393	22,301	26,694
2029	7,078	22,086	29,164
2030	7,331	21,833	29,164
2031-2035	41,151	105,126	146,277
2036-2040	54,925	98,842	153,767
2041-2045	83,822	89,934	173,756
2046-2050	119,493	76,852	196,345
2051-2055	163,237	58,633	221,870
2056-2060	216,579	34,134	250,713
2061-2064	146,363	5,616	151,979
Total	$ 856,475	$ 580,481	$ 1,436,956

D. Interfund Balances and Transfers

Transfers between the primary government funds during the fiscal year were as follows:

	Transfers In:					
Transfer From	General	Debt Service	Capital Projects	Nonmajor Governmental	Water & Sewer	Total
General	$ -	$ 40,567	$ 680,000	$ -	$ -	$ 720,567
Capital projects	-	-	-	-	-	-
Nonmajor governmental	23,570	-	-	8,589,463	700,000	9,313,033
Utility	1,481,952	-	-	-	-	1,481,952
Total	$1,505,522	$ 40,567	$ 680,000	$ 8,589,463	$ 700,000	$11,515,552

Transfers from the Utility Fund to the General Fund were used to fund the operating budget of the General Fund and do not relate to specific expenditures that are being reimbursed. All transfers to the Capital Projects Fund were made to fund various capital projects. Transfers from the General Fund to the Debt Service Fund were to close out the 2021 Tax Note Project. The nonmajor governmental transfers to the Utility Fund were made to reimburse the Utility Fund for a sewer expansion project. During the year, the governmental activities transferred capital assets to the Utility Fund in the amount of $791,083, which was incorporated within transfers within the Statement of Activities.

E. Assigned Fund Balance

The City assigns fund balance for expenditures designated for specific purposes. The City's assigned fund balance at September 30, 2025 is as follows:

	General Fund
Assigned for:	
Vehicle replacement	$ 5,069,226
Total	$ 5,069,226

F. Restricted Net Position

The City records restricted net position to indicate that a portion is legally restricted for a specific future use.

The following is a list of restricted net position of the City:

	Governmental Activities	Sachse EDC	Sachse MDD
Restricted for:			
Debt Service	$ 1,713,819	$ -	$ -
Capital improvements	52,020,322	-	-
*Municipal Court	402,277	-	-
*Street maintenance	905,564	-	-
Hotel occupancy	7,172,778	-	-
TIRZ activities	3,897,973	-	-
Economic development	-	6,340,624	-
Municipal development	-	-	303,966
Total	$ 66,112,733	$ 6,340,624	$ 303,966

*Restricted by enabling legislation

G. Capital Assets

Capital asset activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Additions	Reclassifications Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 10,657,722	$ -	$ -	$ 10,657,722
Construction in progress	30,218,095	11,234,868	(6,850,581)	34,602,382
Total capital assets not being depreciated	40,875,817	11,234,868	(6,850,581)	45,260,104
Capital assets being depreciated:				
Buildings and improvements	32,358,913	-	-	32,358,913
Machinery, equipment, and vehicles	15,154,114	352,616	(641,915)	14,864,815
Other intangibles	76,942	-	-	76,942
Right to Use equipment	163,866	-	-	163,866
Right to Use subscriptions	108,011	-	-	108,011
Street and infrastructure	149,336,256	-	6,599,803	155,936,059
Total assets being depreciated	197,198,102	352,616	5,957,888	203,508,606
Less accumulated depreciation for:				
Buildings and improvements	(14,997,184)	(1,174,805)	-	(16,171,989)
Machinery, equipment, and vehicles	(8,689,087)	(1,239,630)	878,189	(9,050,528)
Other intangibles	(16,670)	(15,388)	-	(32,058)
Right to Use equipment	(98,564)	(18,658)	-	(117,222)
Right to Use subscriptions	(43,206)	(16,546)	-	(59,752)
Street and infrastructure	(90,548,471)	(4,339,889)	-	(94,888,360)
Total accumulated depreciation	(114,393,182)	(6,804,916)	878,189	(120,319,909)
Total capital assets being depreciated, net	82,804,920	(6,452,300)	6,836,077	83,188,697
Governmental activities capital assets, net	$123,680,737	$ 4,782,568	$ (14,504)	$128,448,801

	Beginning Balance	Additions	Reclassifications Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 880,675	$ -	$ -	$ 880,675
Construction in progress	8,398,076	2,365,999	(9,694,379)	1,069,696
Total capital assets, not being depreciated	9,278,751	2,365,999	(9,694,379)	1,950,371
Capital assets being depreciated:				
Buildings and improvements	239,706	-	-	239,706
Machinery, equipment, and vehicles	5,106,497	77,332	(110,414)	5,073,415
Other intangibles	-	16,800	13,800	30,600
Right to Use equipment	6,397	-	-	6,397
Infrastructure	75,916,449	-	9,680,579	85,597,028
Total assets being depreciated	81,269,049	94,132	9,583,965	90,947,146
Less accumulated depreciation for:				
Buildings and improvements	(235,014)	(1,498)	-	(236,512)
Machinery, equipment, and vehicles	(1,375,419)	(305,280)	110,414	(1,570,285)
Other intangibles	-	(510)	-	(510)
Right to Use equipment	(1,919)	(1,279)	-	(3,198)
Infrastructure	(42,082,026)	(2,220,752)	-	(44,302,778)
Total accumulated depreciation	(43,694,378)	(2,529,319)	110,414	(46,113,283)
Total capital assets being depreciated, net	37,574,671	(2,435,187)	9,694,379	44,833,863
Business-type activities capital assets, net	$ 46,853,422	$ (69,188)	$ -	$ 46,784,234

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 445,646
Public safety	1,118,383
Public works	4,634,061
Leisure Services	587,382
Development Services	19,444
Total	$ 6,804,916
Business-type activities:	
Water	$ 1,259,216
Sewer	1,268,735
Stormwater drainage	1,368
Total	$ 2,529,319
Total Depreciation	$ 9,334,235

A summary of changes in component unit activities capital assets for the year end was as follows:

	Beginning Balance	Additions	Reclassifications/ Retirements	Ending Balance
EDC Activities:				
Capital assets not being depreciated:				
Land	$ 1,649,893	$ -	$ -	$ 1,649,893
Total capital assets not being depreciated	1,649,893	-	-	1,649,893
Capital assets being depreciated:				
Right to use equipment	2,980	-	-	2,980
Total assets being depreciated	2,980	-	-	2,980
Less accumulated depreciation for:				
Right to use equipment	(894)	(596)	-	(1,490)
Total accumulated depreciation	(894)	(596)	-	(1,490)
Net capital assets being depreciated	2,086	(596)	-	1,490
EDC activities capital assets, net	$ 1,651,979	$ (596)	$ -	$ 1,651,383

H. Long-Term Liabilities

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2025:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
Governmental activities:					
Certificates of Obligation	$ 8,555,000	$ -	$ (345,000)	$ 8,210,000	$ 360,000
General Obligation Bonds	59,345,000	-	(4,640,000)	54,705,000	4,450,000
Premium	5,033,141	-	(387,401)	4,645,740	-
Tax notes	940,000	-	(135,000)	805,000	120,000
Other liabilities:					
Lease liabilities	67,549	-	(18,077)	49,472	19,002
Subscription liabilities	64,580	-	(20,525)	44,055	21,551
Compensated absences	2,008,697	126,785	-	2,135,482	427,096
Total governmental	$ 76,013,967	$ 126,785	$ (5,546,003)	$ 70,594,749	$ 5,397,649
Long-term liabilities due in more than one year				$ 65,197,100	
Business-type activities:					
Certificates of Obligation	$ 10,725,000	$ -	$ (435,000)	$ 10,290,000	$ 450,000
Premium	308,933	-	(18,719)	290,214	-
Other liabilities:					
Lease liabilities	4,627	-	(1,244)	3,383	1,303
Compensated absences	151,177	-	(10,712)	140,465	28,093
Total business-type	$ 11,189,737	$ -	$ (465,675)	$ 10,724,062	$ 479,396
Long-term liabilities due in more than one year				$ 10,244,666	
Component Unit					
Other liabilities:					
Lease liabilities	$ 2,154	$ -	$ (577)	$ 1,577	$ 607
Compensated absences	14,773	9,374	-	24,147	4,829
Total Component Unit	$ 16,927	$ 9,374	$ (577)	$ 25,724	$ 5,436
Long-term liabilities due in more than one year				$ 20,288	

The Debt Service Fund and Utility Fund have typically been used to liquidate the long-term debt obligations for the primary government. The General Fund is typically used to liquidate the net pension and OPEB liabilities. The General Fund and Utility Fund are used to liquidate compensated absences. Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities plus accrued interest, from property taxes and other current revenues from the Debt Service Fund as has been done in prior years. Private placement special assessment debt will be repaid with proceeds from special assessments on property tax owners in the Public Improvement District. The business-type long-term debt will be repaid, plus accrued interest, from operating revenues of the Utility Fund. The additions and retirements of compensated absence liabilities are netted in accordance with generally accepted accounting standards.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
Governmental Activities:			
2015 General obligation refunding and improvement bonds	2.0-4.0%	$ 9,470,000	$ 8,500,000
2016 General obligation refunding bonds	2.0-4.0%	20,025,000	10,570,000
2017A Certificates of obligation	3.0-4.0%	10,590,000	8,210,000
2022 General obligation bonds	5.00%	16,645,000	12,305,000
2024 General obligation bonds	4.0-5.0%	25,585,000	23,330,000
2024 Tax Notes	5.00%	940,000	805,000
Total Governmental Activities		$110,604,000	$ 89,152,000
Business-type Activities:			
2017 Certificates of obligation	3.0-4.0%	$ 12,670,000	$ 10,290,000
Total Business-type Activities		$ 12,670,000	$ 10,290,000
Total		$123,274,000	$ 99,442,000

The future debt service requirements are as follows:

	Governmental Activities					
Year ending	General Obligation Bonds		Tax Notes		Certificates of Obligation	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 4,450,000	$ 2,284,650	$ 120,000	$ 37,250	$ 360,000	$ 268,738
2027	3,320,000	2,120,325	125,000	31,125	375,000	254,038
2028	3,475,000	1,971,550	130,000	24,750	390,000	238,738
2029	3,195,000	1,824,625	135,000	18,125	405,000	222,838
2030	3,340,000	1,679,725	145,000	11,125	420,000	206,338
2031-2035	17,635,000	6,035,050	150,000	3,750	2,330,000	799,713
2036-2040	10,865,000	3,021,825	-	-	2,720,000	414,275
2041-2044	8,425,000	607,700	-	-	1,210,000	39,650
Total	$ 54,705,000	$19,545,450	$ 805,000	$ 126,125	$ 8,210,000	$ 2,444,328

Year ending September 30,	Business-type Activities Certificates of Obligation Principal	Interest
2026	$ 450,000	$ 327,913
2027	470,000	309,513
2028	490,000	290,313
2029	510,000	270,313
2030	535,000	249,413
2031-2035	2,930,000	979,063
2036-2040	3,395,000	503,825
2041-2045	1,510,000	47,530
Total	$ 10,290,000	$2,977,883

Lease Liabilities

A summary of leases payable as of September 30, 2025, is as follows:

	Interest Rates	Initial Year of Lease	Interest Current Year	Amounts Outstanding
Governmental activities				
Right to use:				
Copier	5.00%	2023	$ 2,963	$ 49,472
Total			$ 2,963	$ 49,472
Business-type activities				
Right to use:				
Copier	5.00%	2023	$ 202	$ 3,383
Total			$ 202	$ 3,383
Component unit				
Right to use:				
Copier	5.00%	2023	$ 95	$ 1,577
Total			$ 95	$ 1,577

The future principal and interest lease payments as of September 30, 2025, are as follows:

Year ending September 30,	Governmental Activities Principal	Interest	Total	Business-type Activities Principal	Interest	Total
2026	$ 19,002	$ 2,039	$ 21,041	$ 1,303	$ 140	$ 1,443
2027	20,004	1,065	21,069	1,370	73	1,443
2028	10,466	152	10,618	710	10	720
Total	$ 49,472	$ 3,256	$ 52,728	$ 3,383	$ 223	$ 3,606

Year ending September 30,	Component Unit Principal	Interest	Interest
2026	$ 607	$ 65	$ 672
2027	637	34	671
2028	333	5	338
Total	$ 1,577	$ 104	$ 1,681

Subscription Liabilities

A summary of subscriptions payable as of September 30, 2025, is as follows:

	Interest Rates	Initial Year of Lease	Interest Current Year	Amounts Outstanding
Governmental activities				
Right to use:				
Subscriptions	5.00%	2023	$ 3,235	$ 44,055
Total			$ 3,235	$ 44,055

The future principal and interest subscription payments as of September 30, 2025, are as follows:

Year ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	$ 21,551	$ 2,209	$ 23,760
2027	22,504	1,131	23,635
Total	$ 44,055	$ 3,340	$ 47,395

IV. OTHER INFORMATION

A. Retirement Plan

Plan Description. The City of Sachse participates as one of 938 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided. TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Plan provisions for the City were as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	186
Active employees	182
Total	488

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.56% and 15.71% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were $2,510,784 and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core fixed income	6.00%	5.00%
Non-core fixed income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2023	$ 52,428,456	$ 45,319,269	$ 7,109,187
Changes for the year:			
Service cost	3,041,035	-	3,041,035
Interest	3,579,396	-	3,579,396
Difference between expected and actual experience	825,135	-	825,135
Change in assumptions	-	-	-
Contributions - employer	-	2,307,319	(2,307,319)
Contributions - employee	-	1,109,288	(1,109,288)
Net investment income	-	4,722,381	(4,722,381)
Benefit payments, including refunds of employee contributions	(1,841,761)	(1,841,761)	-
Administrative expense	-	(30,200)	30,200
Other changes	-	(706)	706
Net changes	5,603,805	6,266,321	(662,516)
Balance at 12/31/2024	$ 58,032,261	$ 51,585,590	$ 6,446,671

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 15,894,449	$ 6,446,671	$ (1,146,299)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended September 30, 2025, the City recognized pension expense of $3,051,584. At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,147,054	$ -
Changes in actuarial assumptions	-	90,182
Difference between projected and actual investment earnings	-	601,731
Contributions subsequent to the measurement date	1,892,541	-
Total	$ 3,039,595	$ 691,913

The City reported $1,892,541 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2026	$ 591,987
2027	780,633
2028	(584,812)
2029	(332,666)

B. Other Post-Employment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2025, 2024, and 2023 were $11,397, $10,857, and $9,237, respectively, which equaled the required contributions each year.

TMRS Supplemental Death Benefits Fund

***Plan Description*.** The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

Membership in the plan at December 31, 2024, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	74
Inactive employees entitled to but not yet receiving benefits	30
Active employees	182
Total	286

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.19% for 2025 and 0.25% for 2024, of which 0.07% represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the year ended September 30, 2025, were $11,397 representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability. The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and inputs:

Measurement year ended December 31,	2024
Inflation rate	2.50%
Discount rate	4.08%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.60% to 11.85% including inflation
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees, and the assets are not segregated for these groups. As such, a single discount rate of 4.08% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2024.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.08%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total SDB OPEB Liability	$ 491,427	$ 406,784	$ 341,098

Changes in the Total OPEB Liability. Total City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2024, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at 12/31/2023	$ 406,351
Changes for the year:	
Service cost	23,770
Interest	15,558
Difference between expected and actual experience	(3,955)
Changes of assumptions or other inputs	(23,847)
Benefit payments, including refunds of employee contributions	(11,093)
Net changes	433
Balance at 12/31/2024	$ 406,784

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB. For the year ended September 30, 2025, the City recognized OPEB expense of $19,614. Also, as of September 30, 2025, the City reported deferred outflows and inflows of resources related to the TMRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 22,963
Changes in actuarial assumptions	32,214	116,924
Contributions subsequent to the measurement date	8,536	-
Total	$ 40,750	$ 139,887

$8,536 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to the TMRS OPEB will be recognized in OPEB expense in future periods as follows:

For the Year Ended September 30,	
2026	$ (32,048)
2027	(43,964)
2028	(23,877)
2029	(3,908)
2030	(3,876)

C. Tax Abatement Disclosures

The City has entered into sales tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. Under the terms of the City's agreements, the City will refund 80% of the City's portion of sales tax paid by the businesses annually. There is currently one existing agreement expiring October 21, 2025. The City abated $26 under this agreement during the current year.

The Sachse EDC has entered into sales tax incentive grant agreements with local businesses under Chapters 501-505 of the Texas Local Government Code. Under the terms of the agreements, Sachse EDC will pay annual reimbursement grants in an amount equal to either 75% or 100% of its sales tax receipts related to sales generated by the business. The Sachse EDC did not grant any tax reimbursement grants related to these agreements in the current year.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

E. Commitments and Contingent Liabilities

Construction Commitments

The government has active construction projects as of September 30, 2025. The projects include street construction and improvements and the construction of additional water lines and repairs.

Primary Government:	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
Governmental Activities:			
Bailey-Hooper Road	$ 11,076,111	$ 5,552,564	$ 5,523,547
Total Governmental Commitments	$ 11,076,111	$ 5,552,564	$ 5,523,547
Business-Type Activities:			
Public Works Pump Station	4,681,400	375,910	4,305,490
Ingram Road Sewer Relief	200,000	50,392	149,608
Total Business-Type Activities	4,881,400	426,302	4,455,098
Total Estimated Future Commitments	$ 15,957,511	$ 5,978,866	$ 9,978,645

Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
GASB 62 defines probability of loss contingencies as the following:

Probable. The future event or events are likely to occur.
Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.
Remote. The chance of the future event or events occurring is slight.

Liabilities are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

F. Sachse Public Improvement District

In October 2020, the City accepted a petition to authorize the creation of a Public Improvement District in accordance with Chapter 372 of the Texas Local Government Code. Project costs will be paid for using current assessments, developer contributions, and a debt issuance with the assessment pledged to service that debt. In accordance with the enabling legislation, City Council has the authority to approve and modify the special assessment, appoint administration, and authorize all debt issuances. The PID has since issued Special Assessment Revenue Bonds in the amount of $27,349,000 and secured by special assessment revenues of the PID. The total bond principal outstanding for these issues is $25,432,000 at year-end. Proceeds of the bonds were deposited into trust accounts with Wilmington Trust for the purpose of funding improvements. P3 Works serves the administrator, for the benefit of the bond holders, for these funds as well as any and all other property or money of every name and nature, which is, from time-to-time hereafter by delivery or in writing of any kind, conveyed, pledged, assigned, or transferred to the trustee. The City has no direct or contingent liability or moral obligation for the payment of this debt, therefore this debt is not recorded as long-term debt of the City.

G. Accounting Changes and Error Corrections

In accordance with GASB 100, accounting changes and error corrections for the year are reported as follows:

Error Correction. For fiscal year 2025, the City reported the following error correction:

1) During fiscal year 2025, the City reviewed its PID reporting and determined that a portion of the activity should be appropriately reported as a custodial fund, because the City is holding those assets in a fiduciary capacity. A portion of the activity relates to funds that the City has administrative control over and remains appropriately presented as a special revenue fund.

The restatement of beginning fund balance and net position is as follows:

	9/30/2024 As Previously Reported	Change Within Financial Reporting Entity (1)	Error Correction (1)	9/30/2024 As Restated
Government-Wide				
Governmental Activities	$ 81,417,420	$ -	$ 21,418,833	$ 102,836,253
Business-Type Activities	59,294,227	-	-	59,294,227
Total primary government	$ 140,711,647	$ -	$ 21,418,833	$ 162,130,480
Governmental Funds				
Major Funds:				
General	$ 12,645,577	$ -	$ -	$ 12,645,577
Debt Service	1,622,664	-	-	1,622,664
Capital Projects Fund	55,554,987	-	-	55,554,987
Tax Increment Reinvestment Zones	1,292,624	-	-	1,292,624
Nonmajor Funds	15,598,589	(4,468,167)	-	11,130,422
Total governmental funds	$ 86,714,441	$ (4,468,167)	$ -	$ 82,246,274
Fiduciary Funds				
Major Funds:				
PID Fund	$ -	$ 4,468,167	$ -	$ 4,468,167
Total fiduciary funds	$ -	$ 4,468,167	$ -	$ 4,468,167

H. New Accounting Guidance

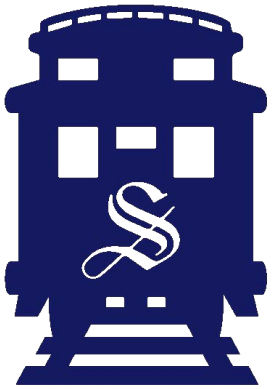
Significant new accounting guidance issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of subsequent events. This Statement defines subsequent events as transactions or other events that occur after the date of the financial reporting statements but before the date the financial statements are available to be issued and clarifies the categories of subsequent events, when recognition is required, and when note disclosure is required. This Statement will become effective for reporting periods beginning after June 15, 2026, and the impact has not yet been determined.

REQUIRED
SUPPLEMENTARY INFORMATION


The City of
SACHSE

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Street Maintenance Fund – The street maintenance fund is used to account for a sales tax restricted for street maintenance within the City.

Special Revenue Fund – The special revenue fund is used to account for proceeds of specific revenue sources that are legally restricted for use of specific purposes.

ARPA Fund – The special revenue fund is used to account for proceeds received from the American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds.

Impact Fee Fund – The impact fee fund accounts for impact fees collected for specific projects related to development within the City.

Hotel Occupancy – This fund accounts for funds derived from hotel and motel occupancy taxes and is legally restricted to promote tourism within the City.

PID Fund - This fund accounts for the activity of the Public Improvement District within the City.

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property Tax	$ 18,171,765	$ 18,171,765	$ 17,876,117	$ (295,648)
Sales tax	3,215,000	3,215,000	3,124,770	(90,230)
Franchise and local taxes	2,230,711	2,230,711	2,284,826	54,115
Licenses, Permits and fees	2,853,870	2,853,870	1,753,847	(1,100,023)
Intergovernmental	772,839	772,839	648,121	(124,718)
Fines and forfeitures	260,000	260,000	344,262	84,262
Investment income	814,190	814,190	806,064	(8,126)
Grants and donations	23,000	112,000	479,347	367,347
Other revenue	99,641	99,641	183,221	83,580
Total Revenues	28,441,016	28,530,016	27,500,575	(1,029,441)
EXPENDITURES				
General government:				
City manager	1,062,408	1,062,408	1,071,428	(9,020)
City secretary	315,001	315,001	275,925	39,076
Human resources	637,401	637,401	584,436	52,965
Finances	1,011,392	1,011,392	998,067	13,325
Municipal court	322,386	322,386	338,545	(16,159)
Information technology	1,059,932	1,059,932	1,060,157	(225)
Total General Government	4,408,520	4,408,520	4,328,558	79,962
Public safety:				
Police department	7,598,813	7,308,500	7,370,111	(61,611)
Animal control	320,848	309,671	345,843	(36,172)
Fire department	7,034,196	7,056,170	7,390,277	(334,107)
Total Public Safety	14,953,857	14,674,341	15,106,231	(431,890)
Public works:				
Streets	1,442,495	1,435,812	1,403,145	32,667
Neighborhood services	403,604	392,959	380,180	12,779
Engineering	360,718	360,718	366,894	(6,176)
Total Public Works	2,206,817	2,189,489	2,150,219	39,270
Leisure services:				
Facilities maintenance	708,046	734,696	753,892	(19,196)
Parks and recreation	2,444,740	2,417,225	2,425,598	(8,373)
Senior activity center	206,923	206,923	194,798	12,125
Library	876,453	867,911	808,584	59,327
Total Leisure services	4,236,162	4,226,755	4,182,872	43,883
Development services	1,293,635	1,293,635	782,284	511,351
Combined services	126,718	548,619	543,194	5,425

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Debt service:				
Principal	$ -	$ -	$ 38,602	$ (38,602)
Interest	50,000	50,000	(1,167)	51,167
Capital outlay	563,842	563,842	583,964	(20,122)
Total Expenditures	27,839,551	27,955,201	27,714,757	240,444
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	601,465	574,815	(214,182)	(788,997)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,481,952	1,481,952	1,505,522	23,570
Transfers out	(680,000)	(680,000)	(720,567)	(40,567)
Bond issuance	1,045,000	1,045,000	-	(1,045,000)
Sale of general capital assets	29,000	29,000	66,677	37,677
Insurance recoveries	100,000	126,650	215,129	88,479
Total Other Financing Sources (Uses)	1,975,952	2,002,602	1,066,761	(935,841)
NET CHANGE IN FUND BALANCE	2,577,417	2,577,417	852,579	(1,724,838)
FUND BALANCE - BEGINNING	12,645,577	12,645,577	12,645,577	-
FUND BALANCE - ENDING	$ 15,222,994	$ 15,222,994	$ 13,498,156	$ (1,724,838)

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TAX INCREMENT REINVESTMENT ZONES FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property tax	$ 3,255,000	$ 3,255,000	$ 3,316,716	$ 61,716
Investment income	75,000	75,000	134,503	59,503
Total Revenue	3,330,000	3,330,000	3,451,219	121,219
EXPENDITURES				
Current:				
General government	3,660,000	4,660,000	588,838	4,071,162
Capital Outlay	700,000	700,000	1,123,830	(423,830)
Total Expenditures	4,360,000	5,360,000	1,712,668	3,647,332
NET CHANGE IN FUND BALANCE	(1,030,000)	(2,030,000)	1,738,551	3,768,551
FUND BALANCE - BEGINNING	1,292,624	1,292,624	1,292,624	-
FUND BALANCE - ENDING	$ 262,624	$ (737,376)	$ 3,031,175	$ 3,768,551

CITY OF SACHSE, TEXAS

NOTES TO BUDGETARY SCHEDULES

SEPTEMBER 30, 2025

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General, Debt Service, Capital Projects, Special Revenue, ARPA, Impact Fee, Hotel Occupancy, Street Maintenance, Water Impact Fee, Sewer Impact Fee, Roadway Impact Fee, PID, TIRZ, and Utility Funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Supplemental budget appropriations were made during the year, impacting the Capital Projects Fund.

Budgetary preparation and control are exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at year-end.

For the fiscal year ended September 30, 2025, actual expenditures did not exceed budgeted expenditures at the fund level for any of the City's funds.

Encumbrance accounting, in which appropriations are recorded as budgetary expenditures, is not utilized by the City.

CITY OF SACHSE, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement Date December 31,	**2024**	**2023**	**2022**	**2021**
Total pension liability				
Service cost	$ 3,041,035	$ 2,597,835	$ 2,139,340	$ 1,965,391
Interest on total pension liability	3,579,396	3,206,338	2,927,610	2,714,571
Difference between expected and actual experience	825,135	1,321,737	299,082	(173,664)
Change of assumptions	-	(227,863)	-	-
Benefit payments/refunds of contributions	(1,841,761)	(1,343,969)	(1,587,982)	(1,286,270)
Net Change in Total Pension Liability	5,603,805	5,554,078	3,778,050	3,220,028
Total Pension Liability, Beginning	52,428,456	46,874,378	43,096,328	39,876,300
Total Pension Liability, Ending (a)	$ 58,032,261	$ 52,428,456	$ 46,874,378	$ 43,096,328
Plan fiduciary net position				
Contributions - employer	$ 2,307,319	$ 2,031,786	$ 1,707,603	$ 1,596,061
Contributions - employee	1,109,288	998,070	828,284	762,624
Net investment income	4,722,381	4,540,639	(3,012,296)	4,635,489
Benefit payments/refunds of contributions	(1,841,761)	(1,343,969)	(1,587,982)	(1,286,270)
Administrative expenses	(30,200)	(28,805)	(26,013)	(21,410)
Other	(706)	(202)	31,042	147
Net Change in Fiduciary Position	6,266,321	6,197,519	(2,059,362)	5,686,641
Fiduciary Net Position, Beginning	45,319,269	39,121,750	41,181,112	35,494,471
Fiduciary Net Position, Ending (b)	51,585,590	45,319,269	39,121,750	41,181,112
Net pension liability = (a)-(b)	$ 6,446,671	$ 7,109,187	$ 7,752,628	$ 1,915,216
Fiduciary Net Position as a Percentage of Total Pension Liability	88.89%	86.44%	83.46%	95.56%
Covered Payroll	$ 14,258,145	$ 14,258,145	$ 25,497,946	$ 23,477,118
Net Pension Liability as a Percentage of Covered Payroll	45.21%	49.86%	30.40%	8.16%

2020	2019	2018	2017	2016	2015
$ 1,938,134	$ 1,824,297	$ 1,745,860	$ 1,626,583	$ 1,521,822	$ 1,293,172
2,493,268	2,301,736	2,093,509	1,869,149	1,663,017	1,563,772
6,987	(403,321)	198,661	688,777	596,374	(79,733)
-	70,676	-	-	-	110,669
(1,060,648)	(964,941)	(1,019,862)	(820,744)	(738,818)	(670,232)
3,377,741	2,828,447	3,018,168	3,363,765	3,042,395	2,217,648
36,498,559	33,670,112	30,651,944	27,288,179	24,245,784	22,028,136
$ 39,876,300	$ 36,498,559	$ 33,670,112	$ 30,651,944	$ 27,288,179	$ 24,245,784
$ 1,563,325	$ 1,506,494	$ 1,397,265	$ 1,258,456	$ 1,132,714	$ 982,512
747,490	713,014	674,077	626,979	590,835	520,242
2,419,834	4,103,835	(787,492)	3,070,840	1,340,941	28,020
(1,060,648)	(964,941)	(1,019,862)	(820,744)	(738,818)	(670,232)
(15,639)	(23,154)	(15,202)	(15,902)	(15,135)	(17,065)
(610)	(695)	(793)	(805)	(815)	(843)
3,653,752	5,334,553	247,993	4,118,824	2,309,722	842,634
31,840,719	26,506,166	26,258,173	22,139,349	19,829,627	18,986,993
35,494,471	31,840,719	26,506,166	26,258,173	22,139,349	19,829,627
$ 4,381,829	$ 4,657,840	$ 7,163,946	$ 4,393,771	$ 5,148,830	$ 4,416,157
89.01%	87.24%	78.72%	85.67%	81.13%	81.79%
$ 21,063,794	$ 19,722,641	$ 18,896,766	$ 17,603,310	$ 16,478,620	$ 15,648,114
20.80%	23.62%	37.91%	24.96%	31.25%	28.22%

CITY OF SACHSE, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Fiscal Year Ended September 30,	**2025**	**2024**	**2023**	**2022**
Actuarially determined contribution	$ 2,510,784	$ 2,246,666	$ 1,949,890	$ 1,709,420
Contributions in relation to the actuarially determined contribution	2,510,784	2,246,666	1,949,890	1,709,420
Contribution deficiency (excess)	-	-	-	-
Annual Covered payroll	$ 16,281,256	$ 15,510,247	$ 13,643,827	$ 11,798,996
Contributions as a percentage of covered payroll	15.42%	14.49%	14.29%	14.49%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective on January 1st, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 Years
Asset valuation method	10 year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021(with immediate convergence).

2021	2020	2019	2018	2017	2016
$ 1,580,675	$ 1,564,971	$ 1,459,900	$ 1,370,165	$ 1,225,344	$ 1,106,275
1,580,675	1,564,971	1,459,900	1,370,165	1,225,344	1,106,275
-	-	-	-	-	-
$ 10,791,639	$ 10,659,160	$ 9,922,284	$ 9,525,614	$ 8,833,157	$ 8,185,274
14.65%	14.68%	14.71%	14.38%	13.87%	13.52%

CITY OF SACHSE, TEXAS

SCHEDULE OF CHANGES IN POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SUPPLEMENTAL DEATH BENEFITS PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement Date December 31,	**2024**	**2023**	**2022**
Total OPEB liability			
Service cost	$ 23,770	$ 21,387	$ 39,048
Interest	15,558	15,219	10,541
Differences between expected and actual experience	(3,955)	(12,004)	(15,506)
Change of assumptions	(23,847)	21,652	(213,803)
Benefit payments, including refunds of participant contributions	(11,093)	(9,981)	(7,100)
Net change in total OPEB liability	433	36,273	(186,820)
Total OPEB liability, beginning	406,351	370,078	556,898
Total OPEB liability, ending (a)	$ 406,784	$ 406,351	$ 370,078
Covered-employee payroll	$ 15,846,976	$ 14,258,145	$ 11,832,631
Total OPEB liability as a percentage of covered-employee payroll	2.57%	2.85%	3.13%

Note: 10 years of data is required to be provided in this schedule. As of year-end, all years are not available. Additional years will be added in the future as the information becomes available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

2021	2020	2019	2018	2017
$ 30,505	$ 24,560	$ 17,316	$ 23,111	$ 18,810
10,566	11,588	11,835	10,685	10,028
(13,603)	(5,674)	(4,174)	(6,206)	-
19,630	77,814	75,889	(26,515)	28,386
(6,537)	(2,136)	(2,037)	(1,926)	(1,791)
40,561	106,152	98,829	(851)	55,433
516,337	410,185	311,356	312,207	256,774
$ 556,898	$ 516,337	$ 410,185	$ 311,356	$ 312,207
$ 10,894,626	$ 10,678,426	$ 10,185,912	$ 9,629,676	$ 8,956,953
5.11%	4.84%	4.03%	3.23%	3.49%

CITY OF SACHSE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Street Maintenance	Special Revenue	ARPA	Impact Fee
ASSETS				
Cash and cash equivalents	$ 745,713	$ 1,170,738	$ -	$ -
Investments	43,683	68,523	-	-
Receivables	130,664	4,814	-	-
Total Assets	920,060	1,244,075	-	-
LIABILITIES				
Accounts payable	14,496	6,501	-	-
Total Liabilities	14,496	6,501	-	-
FUND BALANCES				
Restricted for:				
Capital improvements	-	807,957	-	-
Street maintenance	905,564	-	-	-
Municipal court	-	429,617	-	-
Hotel occupancy	-	-	-	-
Total Fund Balances	905,564	1,237,574	-	-
Total Liabilities and Fund Balances	$ 920,060	$ 1,244,075	$ -	$ -

Hotel Occupancy	Roadway Impact Fee	Water Impact Fee	Sewer Impact Fee	PID	Total Nonmajor Governmental Funds
$ 51,916	$ 1,418,476	$ 4,659,300	$ 1,278,747	$ 67,724	$ 9,392,614
3,041	83,092	272,934	74,906	3,967	550,146
-	-	-	-	-	135,478
54,957	1,501,568	4,932,234	1,353,653	71,691	10,078,238
-	-	629,549	40,085	4,673	695,304
-	-	629,549	40,085	4,673	695,304
-	1,501,568	4,302,685	1,313,568	67,018	7,992,796
-	-	-	-	-	905,564
-	-	-	-	-	429,617
54,957	-	-	-	-	54,957
54,957	1,501,568	4,302,685	1,313,568	67,018	9,382,934
$ 54,957	$ 1,501,568	$ 4,932,234	$ 1,353,653	$ 71,691	$ 10,078,238

CITY OF SACHSE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Street Maintenance	Special Revenue	ARPA	Impact Fee
REVENUES				
Impact and development fees	$ -	$ -	$ -	$ -
Sales taxes	758,572	-	-	-
Franchise and local taxes	-	17,783	-	-
Fines and forfeitures	-	84,351	-	-
Donations	-	7,722	-	-
Investment income	39,206	54,216	2,088	-
Total Revenues	797,778	164,072	2,088	-
EXPENDITURES				
Current:				
General government	-	6,171	-	-
Public safety	-	33,423	-	-
Public works	588,058	-	-	-
Capital outlay	96,548	40,722	348,574	-
Total Expenditures	684,606	80,316	348,574	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	113,172	83,756	(346,486)	-
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	-	-
Transfer out	-	(23,570)	-	(8,589,463)
Total Other Financing Sources (Uses)	-	(23,570)	-	(8,589,463)
NET CHANGE IN FUND BALANCES	113,172	60,186	(346,486)	(8,589,463)
FUND BALANCES - BEGINNING, AS PREVIOUSLY REPORTED	792,392	1,177,388	346,486	8,589,463
ADJUSTMENTS				
Change within financial reporting entity	-	-	-	-
FUND BALANCES - BEGINNING, AS RESTATED	792,392	1,177,388	346,486	8,589,463
FUND BALANCES - ENDING	$ 905,564	$ 1,237,574	$ -	$ -

Hotel Occupancy	Roadway Impact Fee	Water Impact Fee	Sewer Impact Fee	PID	Total Nonmajor Governmental Funds
$ -	$ 306,476	$ 155,047	$ 78,321	$ -	$ 539,844
-	-	-	-	-	758,572
7,956	-	-	-	-	25,739
-	-	-	-	-	84,351
-	-	-	-	-	7,722
2,264	54,639	221,625	91,328	5,643	471,009
10,220	361,115	376,672	169,649	5,643	1,887,237
-	-	-	-	-	6,171
-	-	-	-	-	33,423
-	-	1,059,394	619,684	118,581	2,385,717
-	-	-	-	-	485,844
-	-	1,059,394	619,684	118,581	2,911,155
10,220	361,115	(682,722)	(450,035)	(112,938)	(1,023,918)
-	1,140,453	4,985,407	2,463,603	-	8,589,463
-	-	-	(700,000)	-	(9,313,033)
-	1,140,453	4,985,407	1,763,603	-	(723,570)
10,220	1,501,568	4,302,685	1,313,568	(112,938)	(1,747,488)
44,737	-	-	-	4,648,123	15,598,589
-	-	-	-	(4,468,167)	(4,468,167)
44,737	-	-	-	179,956	11,130,422
$ 54,957	$ 1,501,568	$ 4,302,685	$ 1,313,568	$ 67,018	$ 9,382,934

CITY OF SACHSE, TEXAS

COMBINING BALANCE SHEET
TAX INCREMENT REINVESTMENT ZONES

SEPTEMBER 30, 2025

	PGBT Reinvestment Zone	Station Reinvestment Zone	Highway 78	Total Tax Increment Reinvestment Zones
ASSETS				
Cash and cash equivalents	$ 1,328,922	$ 254,943	$ 2,353,350	$ 3,937,215
Investments	77,846	14,934	137,855	230,635
Total Assets	1,406,768	269,877	2,491,205	4,167,850
LIABILITIES				
Accounts payable and accrued liabilities	-	1,136,675	-	1,136,675
Total Liabilities	-	1,136,675	-	1,136,675
FUND BALANCES				
Restricted for:				
TIRZ actvities	1,406,768	-	2,491,205	3,897,973
Unassigned	-	(866,798)	-	(866,798)
Total Fund Balances	1,406,768	(866,798)	2,491,205	3,031,175
Total Liabilities and Fund Balances	$ 1,406,768	$ 269,877	$ 2,491,205	$ 4,167,850

CITY OF SACHSE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
TAX INCREMENT REINVESTMENT ZONES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	PGBT Reinvestment Zone	Station Reinvestment Zone	Highway 78	Total Tax Increment Reinvestment Zones
REVENUES				
Property taxes	$ 1,179,391	$ 1,130,433	$ 1,006,892	$ 3,316,716
Investment income	34,542	14,814	85,147	134,503
Total Revenues	1,213,933	1,145,247	1,092,039	3,451,219
EXPENDITURES				
General government	-	588,776	62	588,838
Capital Outlay	-	1,123,830	-	1,123,830
Total Expenditures	-	1,712,606	62	1,712,668
NET CHANGE IN FUND BALANCES	1,213,933	(567,359)	1,091,977	1,738,551
FUND BALANCES - BEGINNING	192,835	(299,439)	1,399,228	1,292,624
FUND BALANCES - ENDING	$ 1,406,768	$ (866,798)	$ 2,491,205	$ 3,031,175

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 7,732,361	$ 7,732,361	$ 7,604,430	$ (127,931)
Investment income	180,000	180,000	152,682	(27,318)
Total Revenue	7,912,361	7,912,361	7,757,112	(155,249)
EXPENDITURES				
Debt service:				
Principal	4,975,000	4,975,000	5,120,000	(145,000)
Interest	2,731,088	2,731,088	2,586,523	144,565
Total Expenditures	7,706,088	7,706,088	7,706,523	(435)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	206,273	206,273	50,589	(155,684)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	40,567	40,567
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCE	206,273	206,273	91,156	(115,117)
FUND BALANCE - BEGINNING	1,622,664	1,622,664	1,622,664	-
FUND BALANCE - ENDING	$ 1,828,937	$ 1,828,937	$ 1,713,820	$ (115,117)

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 350,000	$ 350,000	$ 621,894	$ 271,894
Investment income	1,035,000	1,035,000	2,458,581	1,423,581
Other revenue	-	-	27,660	27,660
Total Revenue	1,385,000	1,385,000	3,108,135	1,723,135
EXPENDITURES				
Public works	835,207	791,407	152,430	638,977
Debt service:				
Interest and fiscal charges	250,000	250,000	(4,503)	254,503
Capital outlay	52,372,609	49,398,200	8,077,188	41,321,012
Total Expenditures	53,457,816	50,439,607	8,225,115	42,214,492
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(52,072,816)	(49,054,607)	(5,116,980)	43,937,627
OTHER FINANCING SOURCES (USES)				
Transfers in	680,000	680,000	680,000	-
Bond issuance	27,700,000	27,700,000	-	(27,700,000)
Total Other Financing Sources (Uses)	28,380,000	28,380,000	680,000	(27,700,000)
NET CHANGE IN FUND BALANCE	(23,692,816)	(20,674,607)	(4,436,980)	16,237,627
FUND BALANCE - BEGINNING	55,554,987	55,554,987	55,554,987	-
FUND BALANCE - ENDING	$ 31,862,171	$ 34,880,380	$ 51,118,007	$ 16,237,627

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET MAINTENANCE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Sales tax	$ 810,000	$ 810,000	$ 758,572	$ (51,428)
Investment income	100,000	100,000	39,206	(60,794)
Total Revenue	910,000	910,000	797,778	(112,222)
EXPENDITURES				
Current:				
Public works	931,084	843,585	588,058	255,527
Capital outlay	-	-	96,548	(96,548)
Total Expenditures	931,084	843,585	684,606	158,979
NET CHANGE IN FUND BALANCE	(21,084)	66,415	113,172	46,757
FUND BALANCE - BEGINNING	792,392	792,392	792,392	-
FUND BALANCE - ENDING	$ 771,308	$ 858,807	$ 905,564	$ 46,757

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Impact and development fees	$ 250,000	$ 250,000	$ -	$ (250,000)
Franchise and local taxes	27,500	27,500	17,783	(9,717)
Donations	4,500	4,500	7,722	3,222
Fines and forfeitures	47,675	47,675	84,351	36,676
Investment income	40,000	40,000	54,216	14,216
Total Revenue	369,675	369,675	164,072	(205,603)
EXPENDITURES				
General government	1,500	1,500	6,171	(4,671)
Public safety	85,000	85,000	33,423	51,577
Leisure services	500	500	-	500
Capital outlay	70,000	110,722	40,722	70,000
Total Expenditures	157,000	197,722	80,316	117,406
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	212,675	171,953	83,756	(88,197)
OTHER FINANCING SOURCES (USES)				
Transfer (out)	-	-	(23,570)	(23,570)
Total Other Financing Sources (Uses)	-	-	(23,570)	(23,570)
NET CHANGE IN FUND BALANCE	212,675	171,953	60,186	(111,767)
FUND BALANCE - BEGINNING	1,177,388	1,177,388	1,177,388	-
FUND BALANCE - ENDING	$ 1,390,063	$ 1,349,341	$ 1,237,574	$ (111,767)

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AMERICAN RESCUE PLAN ACT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	$ 10,000	$ 10,000	$ 2,088	$ (7,912)
Total Revenue	10,000	10,000	2,088	(7,912)
EXPENDITURES				
Capital outlay	853,848	406,689	348,574	58,115
Total Expenditures	853,848	406,689	348,574	58,115
NET CHANGE IN FUND BALANCE	(843,848)	(396,689)	(346,486)	50,203
FUND BALANCE - BEGINNING	346,486	346,486	346,486	-
FUND BALANCE - ENDING	$ (497,362)	$ (50,203)	$ -	$ 50,203

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IMPACT FEE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Impact and development fees	$ -	$ -	$ -	$ -
EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,300,000)	(8,600,000)	(8,589,463)	10,537
Total Other Financing Sources (Uses)	(8,300,000)	(8,600,000)	(8,589,463)	10,537
NET CHANGE IN FUND BALANCE	(8,300,000)	(8,600,000)	(8,589,463)	10,537
FUND BALANCE, BEGINNING	8,589,463	8,589,463	8,589,463	-
FUND BALANCE - ENDING	$ 289,463	$ (10,537)	$ -	$ 10,537

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL OCCUPANCY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Franchise and local taxes	$ 13,000	$ 13,000	$ 7,956	$ (5,044)
Investment income	2,000	2,000	2,264	264
Total Revenue	15,000	15,000	10,220	(4,780)
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	15,000	15,000	10,220	(4,780)
FUND BALANCE - BEGINNING	44,737	44,737	44,737	-
FUND BALANCE - ENDING	$ 59,737	$ 59,737	$ 54,957	$ (4,780)

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROADWAY IMPACT FEE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Impact and development fees	$ 200,000	$ 200,000	$ 306,476	$ 106,476
Investment income	42,600	42,600	54,639	12,039
Total Revenue	242,600	242,600	361,115	118,515
EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	242,600	242,600	361,115	118,515
OTHER FINANCING SOURCES (USES)				
Transfer In	900,000	900,000	1,140,453	240,453
Total Other Financing Sources (Uses)	900,000	900,000	1,140,453	240,453
NET CHANGE IN FUND BALANCE	1,142,600	1,142,600	1,501,568	358,968
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	$ 1,142,600	$ 1,142,600	$ 1,501,568	$ 358,968

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER IMPACT FEE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Impact and development fees	$ 400,000	$ 400,000	$ 155,047	$ (244,953)
Investment income	242,900	242,900	221,625	(21,275)
Total Revenue	642,900	642,900	376,672	(266,228)
EXPENDITURES				
Current:				
Public works	1,725,000	1,725,000	1,059,394	665,606
Total Expenditures	1,725,000	1,725,000	1,059,394	665,606
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,082,100)	(1,082,100)	(682,722)	399,378
OTHER FINANCING SOURCES (USES)				
Transfer In	4,900,000	4,900,000	4,985,407	85,407
Total Other Financing Sources (Uses)	4,900,000	4,900,000	4,985,407	85,407
NET CHANGE IN FUND BALANCE	3,817,900	3,817,900	4,302,685	484,785
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	$ 3,817,900	$ 3,817,900	$ 4,302,685	$ 484,785

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER IMPACT FEE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Impact and development fees	$ 250,000	$ 250,000	$ 78,321	$ (171,679)
Investment income	119,500	119,500	91,328	(28,172)
Total Revenue	369,500	369,500	169,649	(199,851)
EXPENDITURES				
Current:				
Public works	725,000	725,000	619,684	105,316
Total Expenditures	725,000	725,000	619,684	105,316
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(355,500)	(355,500)	(450,035)	(94,535)
OTHER FINANCING SOURCES (USES)				
Transfer in	2,500,000	2,500,000	2,463,603	(36,397)
Transfer out	(700,000)	(700,000)	(700,000)	-
Total Other Financing Sources (Uses)	1,800,000	1,800,000	1,763,603	(36,397)
NET CHANGE IN FUND BALANCE	1,444,500	1,444,500	1,313,568	(130,932)
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	$ 1,444,500	$ 1,444,500	$ 1,313,568	$ (130,932)

CITY OF SACHSE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PID FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment income	$ 5,000	$ 5,000	$ 5,643	$ 643
Total Revenue	5,000	5,000	5,643	643
EXPENDITURES				
Public works	-	-	118,581	(118,581)
Total Expenditures	-	-	118,581	(118,581)
NET CHANGE IN FUND BALANCE	5,000	5,000	(112,938)	(117,938)
FUND BALANCE - BEGINNING, AS PREVIOUSLY REPORTED	4,648,123	4,648,123	4,648,123	-
ADJUSTMENTS				
Error correction	(4,468,167)	(4,468,167)	(4,468,167)	-
FUND BALANCE - BEGINNING, AS RESTATED	179,956	179,956	179,956	-
FUND BALANCE - ENDING	$ 184,956	$ 184,956	$ 67,018	$ (117,938)

CITY OF SACHSE, TEXAS

BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS

SEPTEMBER 30, 2025

	Sachse EDC	Sachse MDD	Total
ASSETS			
Cash and cash equivalents	$ 5,785,621	$ 466,341	$ 6,251,962
Investments	338,912	27,318	366,230
Receivables, net	261,328	127,113	388,441
Prepaid items	4,740	-	4,740
Total assets	6,390,601	620,772	7,011,373
LIABILITIES			
Accounts payable and accrued liabilities	25,830	316,806	342,636
Total liabilities	25,830	316,806	342,636
FUND BALANCES			
Restricted for:			
Economic development	6,364,771	-	6,364,771
Municipal development	-	303,966	303,966
Total fund balances	6,364,771	303,966	6,668,737
Total liabilities and fund balances	$ 6,390,601	$ 620,772	$ 7,011,373

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CITY OF SACHSE, TEXAS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS

SEPTEMBER 30, 2025

Total Fund Balances	$	6,668,737
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets - non-depreciable		1,649,893
Capital assets - net depreciable		1,490
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Compensated absences - Sachse EDC		(24,147)
Non-current liabilities due in one year		(607)
Non-current liabilities due in more than one year		(970)
Net Position of Governmental Activities	$	8,294,396

CITY OF SACHSE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

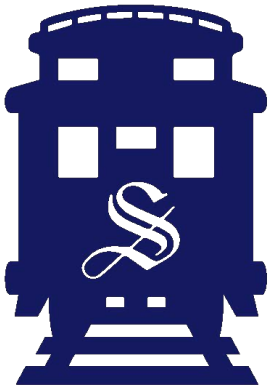
	Sachse EDC	Sachse MDD	Total
REVENUES			
Sales tax	$ 1,517,143	$ 737,837	$ 2,254,980
Investment income	274,872	33,177	308,049
Other revenue	1,143	-	1,143
Total Revenues	1,793,158	771,014	2,564,172
EXPENDITURES			
Economic development	1,955,318	-	1,955,318
Park development	-	13,304	13,304
Debt service:			
Principal	577	-	577
Interest and fiscal charges	95	-	95
Capital outlay	-	1,142,448	1,142,448
Total Expenditures	1,955,990	1,155,752	3,111,742
NET CHANGE IN FUND BALANCE	(162,832)	(384,738)	(547,570)
FUND BALANCES - BEGINNING	6,527,603	688,704	7,216,307
FUND BALANCES - ENDING	$ 6,364,771	$ 303,966	$ 6,668,737

CITY OF SACHSE, TEXAS

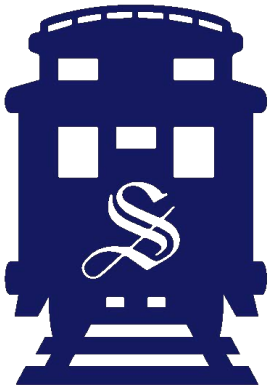
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF DISCRETELY PRESENTED
COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:	
Net Changes in Fund Balances	$ (547,570)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(596)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(9,373)
Principal payments	577
Change in Net Position of the Discretely Presented Component Units	$ (556,962)


The City of
SACHSE

STATISTICAL SECTION


The City of
SACHSE

STATISTICAL SECTION
(Unaudited)

This part of the City of Sachse, Texas Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 91 – 100

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue sources. 101 – 106

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 107 – 111

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 112 – 113

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 114 – 119

CITY OF SACHSE, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	$ 52,071,872	$ 50,617,047	$ 57,841,667	$ 58,662,282
Restricted	8,618,633	13,205,846	5,906,413	7,403,116
Unrestricted	4,049,157	4,306,816	4,229,764	6,219,720
Total Governmental Activities Net Position	$ 64,739,662	$ 68,129,709	$ 67,977,844	$ 72,285,118
Business-type activities				
Net investment in capital assets	$ 20,509,338	$ 20,802,006	$ 26,313,666	$ 24,199,778
Unrestricted	7,450,081	9,203,735	9,233,900	13,145,910
Total Business-Type Activities Net Position	$ 27,959,419	$ 30,005,741	$ 35,547,566	$ 37,345,688
Primary government				
Net investment in capital assets	$ 72,581,210	$ 71,419,053	$ 84,155,333	$ 82,862,060
Restricted	8,618,633	13,205,846	5,906,413	7,403,116
Unrestricted	11,499,238	13,510,551	13,463,664	19,365,630
Total Primary Government Net Position	$ 92,699,081	$ 98,135,450	$ 103,525,410	$ 109,630,806

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 64,921,091	$ 67,797,822	$ 70,605,922	$ 79,772,178	$ 87,318,684	$ 91,211,972
12,971,959	22,321,414	31,086,500	29,423,509	36,617,957	36,269,719
6,027,751	9,024,001	13,828,608	15,423,478	(16,632,221)	7,397,154
$ 83,920,801	$ 99,143,237	$ 115,521,030	$ 124,619,165	$ 107,304,420	$ 134,878,845
$ 25,534,424	$ 26,549,371	$ 25,142,628	$ 30,097,903	$ 35,697,669	$ 36,120,852
15,218,006	16,372,891	22,125,091	23,316,830	23,596,558	27,459,571
$ 40,752,430	$ 42,922,262	$ 47,267,719	$ 53,414,733	$ 59,294,227	$ 63,580,423
$ 90,455,515	$ 94,347,193	$ 95,748,550	$ 109,870,081	$ 123,016,353	$ 127,332,824
12,971,959	22,321,414	31,086,500	29,423,509	36,617,957	36,269,719
21,245,757	25,396,892	35,953,699	38,740,308	6,964,337	34,856,725
$ 124,673,231	$ 142,065,499	$ 162,788,749	$ 178,033,898	$ 166,598,647	$ 198,459,268

CITY OF SACHSE, TEXAS

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	$ 2,500,102	$ 2,526,665	$ 2,878,022	$ 3,358,995
Public safety	8,191,197	9,144,006	9,736,773	10,237,626
Public works	5,056,488	5,639,697	5,489,736	5,975,519
Leisure services	1,739,147	1,903,914	1,969,689	1,946,985
Development services	900,457	833,629	835,209	806,203
Interest and fiscal charges	2,105,723	1,193,484	1,563,657	1,418,185
Total Governmental Activities Expenses	20,493,114	21,241,395	22,473,086	23,743,513
Business-type activities:				
Water	8,128,858	8,946,369	9,342,633	7,087,974
Sewer	-	-	-	2,976,970
Stormwater drainage	-	-	-	-
Total Business-Type Activities Expenses	8,128,858	8,946,369	9,342,633	10,064,944
Total Primary Government Expenses	28,621,972	30,187,764	31,815,719	33,808,457
Program Revenues				
Governmental activities:				
Charges for services:				
General government	720	-	-	7,610
Public safety	596,562	845,462	1,136,924	1,079,089
Public works	1,315,780	739,151	539,258	1,005,214
Leisure services	-	264,852	205,363	-
Development services	1,169,517	1,189,194	1,223,216	691,080
Operating grants and contributions	744,975	20,832	18,879	453,212
Capital grants and contributions	4,913,651	2,754,486	839,290	2,274,863
Total Governmental Activities Program Revenues	8,741,205	5,813,977	3,962,930	5,511,068
Business-type activities:				
Charges for services:				
Water	10,382,099	11,384,202	13,532,977	7,619,612
Sewer	-	-	-	4,673,480
Stormwater drainage	-	-	-	209,459
Capital grants and contributions	2,810,315	1,047,236	82,530	564,030
Total Business-Type Activities Program Revenues	13,192,414	12,431,438	13,615,507	13,066,581
Total Primary Government Program Revenues	21,933,619	18,245,415	17,578,437	18,577,649
Net (expense) revenue:				
Governmental activities	(11,751,909)	(15,427,418)	(18,510,156)	(18,232,445)
Business-type activities	5,063,556	3,485,069	4,272,874	3,001,637
Total Primary Government Net Expense	$ (6,688,353)	$ (11,942,349)	$ (14,237,282)	$ (15,230,808)

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 3,342,715	$ 3,335,835	$ 3,562,190	$ 4,363,153	$ 6,951,144	$ 6,059,123
11,201,666	11,477,436	10,885,495	13,163,847	16,045,835	16,408,950
6,147,260	5,353,283	5,610,919	6,483,557	10,654,043	7,238,535
2,333,491	2,269,214	3,084,547	3,641,473	4,492,124	4,817,217
715,773	892,271	1,124,278	956,514	902,686	1,141,595
1,347,849	1,315,797	1,620,664	1,809,107	3,441,732	2,506,556
25,088,754	24,643,836	25,888,093	30,417,651	42,487,564	38,171,976
7,586,871	7,813,426	8,566,726	8,853,465	8,620,870	9,079,135
2,282,485	2,786,830	3,173,551	3,720,183	5,137,277	5,788,190
38,484	25,950	156,406	41,522	50,036	6,374
9,907,840	10,626,206	11,896,683	12,615,170	13,808,183	14,873,699
34,996,594	35,270,042	37,784,776	43,032,821	56,295,747	53,045,675
9,900	11,320	11,485	12,325	326,645	388,986
1,058,301	1,263,222	1,522,293	1,579,109	1,464,390	1,465,742
1,737,126	2,935,326	2,472,726	841,947	-	539,844
-	-	-	-	184,037	187,360
-	249,256	303,077	268,179	1,125,536	1,050,951
2,240,037	219,956	11,315	256,220	184,661	648,954
7,163,304	9,114,448	11,100,582	4,437,317	7,448,074	299,554
12,208,668	13,793,528	15,421,478	7,395,097	10,733,343	4,581,391
8,098,664	7,974,914	9,664,072	10,166,120	10,145,515	10,460,572
4,881,913	5,455,163	6,114,257	6,605,081	6,961,176	7,236,634
209,636	210,802	220,706	229,246	235,257	237,386
1,385,442	1,427,866	1,356,145	1,378,955	978,189	-
14,575,655	15,068,745	17,355,180	18,379,402	18,320,137	17,934,592
26,784,323	28,862,273	32,776,658	25,774,499	29,053,480	22,515,983
(12,880,086)	(10,850,308)	(10,466,615)	(23,022,554)	(31,754,221)	(33,590,585)
4,667,815	4,442,539	5,458,497	5,764,232	4,511,954	3,060,893
$ (8,212,271)	$ (6,407,769)	$ (5,008,118)	$ (17,258,322)	$ (27,242,267)	$ (30,529,692)

CITY OF SACHSE, TEXAS

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2016	2017	2018	2019
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 12,296,608	$ 13,982,042	$ 15,674,089	$ 16,746,511
Sales and other taxes	3,024,925	3,094,029	3,305,196	3,400,267
Investment earnings	50,842	117,382	388,860	631,556
Other income	268,740	107,470	168,853	92,091
Transfers, net	146,505	1,516,542	(947,605)	1,669,294
Total Governmental Activities	15,787,620	18,817,465	18,589,393	22,539,719
Business-type activities:				
Investment earnings	7,160	77,795	338,741	465,779
Other income	-	-	-	-
Transfers, net	(146,505)	(1,516,542)	947,605	(1,669,294)
Total Business-Type Activities	(139,345)	(1,438,747)	1,286,346	(1,203,515)
Total Primary Government	15,648,275	17,378,718	19,875,739	21,336,204
Change in Net Position				
Governmental activities	4,035,711	3,390,047	79,237	4,307,274
Business-type activities	4,924,211	2,046,322	5,559,220	1,798,122
Total Primary Government	$ 8,959,922	$ 5,436,369	$ 5,638,457	$ 6,105,396

Source: City financial statements

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 17,833,325	$ 19,000,362	$ 19,502,913	$ 22,542,983	$ 28,198,987	$ 29,109,122
3,705,978	4,142,062	5,551,188	5,847,514	6,045,084	6,193,907
354,679	131,549	299,111	2,879,990	3,810,272	4,062,959
741,095	439,208	259,941	358,441	173,606	389,320
1,437,917	2,359,563	1,231,255	491,761	(245,695)	(9,131)
24,072,994	26,072,744	26,844,408	32,120,689	37,982,254	39,746,177
176,844	86,856	118,215	874,543	1,121,845	1,097,264
-	-	-	-	-	118,908
(1,437,917)	(2,359,563)	(1,231,255)	(491,761)	245,695	9,131
(1,261,073)	(2,272,707)	(1,113,040)	382,782	1,367,540	1,225,303
22,811,921	23,800,037	25,731,368	32,503,471	39,349,794	40,971,480
11,192,908	15,222,436	16,377,793	9,098,135	6,228,033	6,155,592
3,406,742	2,169,832	4,345,457	6,147,014	5,879,494	4,286,196
$ 14,599,650	$ 17,392,268	$ 20,723,250	$ 15,245,149	$ 12,107,527	$ 10,441,788

CITY OF SACHSE, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2016	2017	2018	2019
General fund				
Non-spendable	$ 21,970	$ 39,463	$ 22,833	$ 77,251
Assigned	186,340	-	-	-
Unassigned	7,723,757	8,829,452	8,640,784	10,355,357
Total general fund	$ 7,932,067	$ 8,868,915	$ 8,663,617	$ 10,432,608
All other governmental funds				
Restricted	$ 13,093,851	$ 12,911,936	$ 21,735,771	$ 17,130,804
Nonspendable	-	-	-	-
Assigned	186,340	293,910	625,976	788,338
Unassigned	(1,623,821)	(1,551,439)	(1,477,110)	(1,377,540)
Total all other governmental funds	$ 11,656,370	$ 11,654,407	$ 20,884,637	$ 16,541,602

Source: Balance Sheets - Governmental Funds in City's ACFRs.

TABLE 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 60,847	$ 94,036	$ 56,371	$ 52,877	$ 72,001	$ 202,229
-	-	-	-	3,718,156	5,069,226
10,131,924	12,704,756	15,945,567	16,183,805	8,855,420	8,226,701
$ 10,192,771	$ 12,798,792	$ 16,001,938	$ 16,236,682	$ 12,645,577	$ 13,498,156
$ 20,892,477	$ 26,987,818	$ 49,255,251	$ 44,504,488	$ 74,367,323	$ 66,112,734
-	-	1,536,926	885,818	980	-
682,802	877,760	1,278,713	2,100,748	-	-
(1,202,037)	(805,509)	(519,961)	(413,660)	(299,439)	(866,798)
$ 20,373,242	$ 27,060,069	$ 51,550,929	$ 47,077,394	$ 74,068,864	$ 65,245,936

CITY OF SACHSE, TEXAS

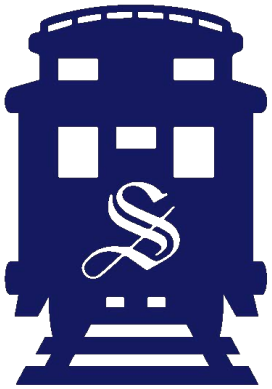
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

(UNAUDITED)

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Property taxes	$ 12,260,047	$ 14,034,836	$ 15,676,744	$ 16,708,542
Property owner assessments	-	-	-	-
Sales and other taxes	3,024,925	3,094,029	3,305,196	3,400,267
Licenses, Permits and fees	1,743,628	1,598,993	1,814,494	1,577,873
Intergovernmental	-	-	-	-
Grants and contributions	974,489	321,583	18,879	860,091
Fines and forfeitures	291,926	252,614	270,817	303,725
Impact and development fees	1,022,593	883,250	95,100	504,323
Investment income	50,842	117,228	387,954	631,556
Other revenue	271,595	92,796	968,855	72,938
Total Revenues	19,640,045	20,395,329	22,538,039	24,059,315
Expenditures				
Current:				
General government	1,565,175	1,425,250	1,510,028	2,511,481
Public safety	7,466,728	8,293,828	8,963,876	9,154,685
Public works	1,882,251	2,626,166	2,263,665	2,350,290
Leisure services	1,455,952	1,564,719	1,631,189	1,557,954
Development services	831,719	828,351	827,741	1,027,065
Combined services	564,368	669,168	769,629	376,041
Debt service:				
Principal	1,325,000	2,325,000	2,330,000	3,040,000
Interest and fiscal charges	1,672,947	1,186,303	1,435,602	1,440,823
Bond issue costs	372,256	-	105,000	-
Capital outlay	2,445,778	2,072,876	3,722,165	6,863,467
Total Expenditures	19,582,174	20,991,661	23,558,895	28,321,806
Excess of Revenues Over (Under) Expenditures	57,871	(596,332)	(1,020,856)	(7,320,040)
Other Financing Sources (Uses)				
Transfer in	1,841,302	3,948,013	5,089,835	3,553,012
Transfer out	(1,694,797)	(2,431,471)	(6,037,440)	(1,883,718)
Debt issued	21,225,000	-	10,590,000	-
Premium on bonds issued	2,204,516	-	318,393	59,909
Insurance recoveries	-	-	-	-
Payment to refund escrow agent	(21,733,392)	-	-	93,289
Sale of capital assets	-	14,675	85,000	19,153
Net Other Financing Sources (Uses)	1,842,629	1,531,217	10,045,788	1,841,645
Net Change in Fund Balances	$ 1,900,500	$ 934,885	$ 9,024,932	$ (5,478,395)
Debt Service as a Percentage of Noncapital Expenditures	20.5%	20.4%	22.2%	17.3%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 17,788,498	$ 19,032,551	$ 19,505,419	$ 22,534,628	$ 25,848,426	$ 28,797,263
-	-	-	-	2,360,251	-
3,705,978	4,142,062	5,551,188	5,847,514	6,045,084	6,193,907
2,300,683	3,678,567	3,442,197	1,803,024	2,066,201	1,753,847
-	-	-	674,443	6,499,954	1,270,015
2,413,891	4,352,068	3,773,551	86,615	157,442	487,069
246,140	249,589	303,005	319,275	348,416	428,613
2,049,753	3,388,825	3,343,731	951,603	1,495,300	539,844
354,679	131,549	299,111	2,879,990	3,759,966	4,022,839
70,748	386,419	89,254	196,310	194,576	210,881
28,930,370	35,361,630	36,307,456	35,293,402	48,775,616	43,704,278
3,434,072	2,806,360	3,157,022	3,445,629	4,433,260	4,923,567
9,988,757	10,702,217	10,728,655	12,213,038	14,858,261	15,139,654
2,115,492	1,836,357	1,949,985	2,512,189	6,461,876	4,688,366
1,921,627	1,681,738	2,597,672	3,111,467	3,865,329	4,182,872
678,081	886,903	1,156,736	925,731	860,517	782,284
341,900	375,683	383,897	438,371	699,037	543,194
3,420,000	3,655,000	4,139,428	4,253,578	5,746,743	5,158,602
1,337,324	1,280,824	1,237,008	2,007,548	3,561,426	2,580,853
34,490	49,775	248,793	-	-	-
6,395,449	7,788,488	4,549,048	13,835,555	21,229,644	10,270,826
29,667,192	31,063,345	30,148,244	42,743,106	61,716,093	48,270,218
(736,822)	4,298,285	6,159,212	(7,449,704)	(12,940,477)	(4,565,940)
9,896,810	8,871,496	4,765,910	5,093,085	13,638,337	10,815,552
(8,458,893)	(6,511,933)	(3,534,655)	(2,245,604)	(9,717,445)	(10,033,600)
2,070,000	2,635,000	18,490,000	201,301	26,525,000	-
-	-	1,642,852	-	2,094,410	-
-	-	45,954	102,222	111,654	215,129
-	-	-	-	-	-
820,708	-	124,733	59,909	26,900	66,677
4,328,625	4,994,563	21,534,794	3,210,913	32,678,856	1,063,758
$ 3,591,803	$ 9,292,848	$ 27,694,006	$ (4,238,791)	$ 19,738,379	$ (3,502,182)
16.2%	19.9%	17.1%	21.5%	20.3%	21.1%


The City of
SACHSE

CITY OF SACHSE, TEXAS **TABLE 5**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value [1]	Total Direct Tax Rate [2]
2016	$ 1,767,124,588	$ 49,699,237	$ 181,214,076	$ 1,635,609,749	0.747279
2017	2,052,733,263	50,389,046	229,837,342	1,873,284,967	0.747279
2018	2,345,662,930	52,517,764	239,585,005	2,158,595,689	0.747279
2019	2,565,462,875	51,759,380	251,075,714	2,366,146,541	0.720000
2020	2,721,742,711	59,445,888	283,973,515	2,497,215,084	0.720000
2021	2,805,576,476	62,634,351	278,553,446	2,589,657,381	0.720000
2022	3,081,956,406	66,355,726	286,309,066	2,862,003,066	0.700734
2023	4,092,796,420	85,901,079	702,058,583	3,476,638,916	0.650416
2024	4,818,657,853	94,348,755	846,501,413	4,066,505,195	0.650416
2025	5,250,046,012	95,192,414	761,434,433	4,583,803,993	0.650416

Source: Dallas & Collin Central Appraisal Districts
(1) Tax Rate Calculation Worksheet (Form 50-856), line 18
(2) Rate per $100 of assessed valuation

CITY OF SACHSE, TEXAS

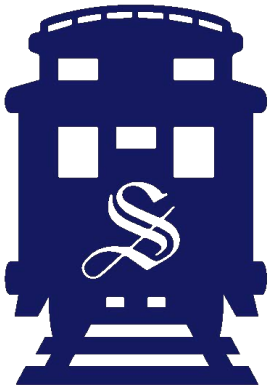
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years
(UNAUDITED)

	2016	2017	2018	2019
Direct Rates:				
City of Sachse - Operating	$ 0.572279	$ 0.562000	$ 0.553072	$ 0.525793
City of Sachse - Debt Service	0.185000	0.195279	0.194207	0.194207
	0.757279	0.757279	0.747279	0.720000
Overlapping Rates:				
Garland Independent School District	1.353300	1.460000	1.460000	1.460000
Dallas County Schools	0.010000	0.009271	0.010000	0.010000
Parkland Hospital	0.286000	0.279400	0.279400	0.279400
Dallas County Community College	0.123650	0.122933	0.124238	0.124000
Dallas County	0.243100	0.243100	0.243100	0.243100
Total Dallas County Entities	2.773329	2.871983	2.864017	2.836500
Wylie Independent School District	1.640000	1.640000	1.640000	1.640000
Collin County Community College	0.081960	0.081222	0.079810	0.081222
Collin County	0.225000	0.208395	0.192246	0.180785
Total Collin County Entities	2.704239	2.686896	2.659335	2.622007

Tax rates per $100 of assessed valuation.
Source: Dallas & Collin Central Appraisal Districts and City records.

2020	2021	2022	2023	2024	2025
$ 0.525793	$ 0.525793	$ 0.506527	$ 0.456209	$ 0.456209	$ 0.456209
0.194207	0.194207	0.194207	0.194207	0.194207	0.194207
0.720000	0.720000	0.700734	0.650416	0.650416	0.650416
1.390000	1.346300	1.256300	1.172500	1.053200	1.050900
0.010000	0.010000	0.010000	0.010000	-	-
0.269500	0.266100	0.255000	0.235800	0.219500	0.212000
0.124000	0.124000	0.123510	0.115899	0.110028	0.105595
0.243100	0.239740	0.227946	0.217946	0.215718	0.215500
2.756600	2.706140	2.573490	2.402561	2.248862	2.234411
1.538400	1.520500	1.459800	1.397900	1.212500	1.210200
0.081222	0.081222	0.081222	0.081220	0.081220	0.081220
0.174951	0.172531	0.168087	0.152443	0.149343	0.149343
2.514573	2.494253	2.409843	2.281979	2.093479	2.091179


The City of
SACHSE

CITY OF SACHSE, TEXAS **TABLE 7**

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(UNAUDITED)

	Fiscal Year 2025 (Tax Year 2024)			Fiscal Year 2016 (Tax Year 2015)		
Property Tax Payer	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
7700 CODY LANE (TX) OWNER LP	$ 74,908,038	1	1.84%	-	n/a	-
Linden Ranch Gardens LP Etal	71,360,333	2	1.75%	-	n/a	-
5300 The Station TX Owner LP	66,000,000	3	1.62%	-	n/a	-
PMB Station MFI LP	42,350,000	4	1.04%	-	n/a	-
Miles One 90 Owner LLC	34,547,432	5	0.85%		n/a	-
CSL Sachse 2017 LLC	31,315,290	6	0.77%	-	n/a	-
Intergerman Woodbridge Villas LP	23,654,470	7	0.58%	-	n/a	-
COLUMBIA MEDICAL CENTER PLANO	21,381,690	8	0.53%	-	n/a	-
Sachse Station Boulevard Owner	15,400,000	9	0.38%	-	n/a	-
TGA OAK GROVE PLAZA LLC	14,195,210	10	0.35%	$ 6,794,112	3	0.48%
Western Rim Investors 2013-3 LP	-	n/a	-	13,803,533	1	0.97%
Lipt Oak Grove LLC	-	n/a	-	7,241,940	2	0.51%
Woodbridge Villas LLC	-	n/a	-	5,610,120	4	0.39%
WAL-MART REAL ESTATE BUSINESS TRUST				4,890,568	5	0.34%
WAL-MART STORES TEXAS LLC	-	n/a	-	4,749,240	6	0.33%
Oncor Electric Delivery Co	-	na	-	4,571,631	7	0.32%
1500 BLACKBURN LP	-	n/a	-	4,292,410	8	0.30%
D R Horton - Texas LTD	-	n/a	-	3,896,440	9	0.27%
OXFORD SACHSE MEMORY CARE LTD	-	n/a	-	3,893,094	10	0.27%
Total	395,112,463		9.72%	59,743,088		4.19%
Total Taxable Assessed Value	$4,066,505,195		100%	$ 1,424,592,045		100%

Source: Dallas County Tax Office / Collin County Tax Office.
Note: Property is assessed as of January 1 and certified to the City by July 25 for taxable values.

CITY OF SACHSE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years
(UNAUDITED)

Fiscal Year	Tax Levy	Fiscal Year of Levy Adjustments	Fiscal Year of Levy Collections	% Collected
2016	$ 12,186,446	$ 71,759	$ (12,215,954)	99.66%
2017	13,926,966	37,151	(13,910,944)	99.62%
2018	15,487,552	126,723	(15,560,495)	99.66%
2019	16,484,049	202,864	(16,604,310)	99.50%
2020	17,401,815	388,367	(17,677,699)	99.37%
2021	17,971,099	843,382	(18,754,316)	99.68%
2022	19,331,922	134,595	(19,401,470)	99.67%
2023	21,858,619	554,315	(22,335,914)	99.66%
2024	25,417,902	398,892	(25,682,803)	99.48%
2025	28,611,698	406,833	(28,572,826)	98.46%

Source: Dallas and Collin County reports.

Fiscal Years Subsequent to Levy		%	
Adjustments	Collections	Collected	Uncollected
$ 2,761	$ (40,278)	99.96%	$ 4,735
27,141	(74,823)	99.96%	5,492
19,634	(64,320)	99.94%	9,094
20,251	(90,676)	99.93%	12,177
12,703	(109,079)	99.91%	16,107
(30,599)	(12,474)	99.91%	17,092
(20,445)	(22,452)	99.89%	22,150
(179,044)	128,701	99.88%	26,676
(69,762)	5,691	99.73%	69,919
-	-	98.46%	445,705

CITY OF SACHSE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years
(UNAUDITED)

	2016	2017	2018	2019
Governmental activities:				
General Obligation Bonds	$ 35,665,000	$ 33,500,000	$ 31,575,000	$ 28,970,000
Premium	2,614,608	2,848,622	2,666,428	2,467,981
Discounts	(4,829)	(3,720)	(2,611)	(2,437)
Certificates of Obligation	-	-	10,350,000	10,080,000
Tax notes	1,200,000	1,040,000	875,000	710,000
Lease/subscription liabilities	-	-	-	-
Business-type activities:				
Certificates of Obligation	620,000	12,670,000	12,490,000	12,265,000
Premium	66,671	495,643	456,686	427,845
General Obligation Bonds	110,000	620,000	500,000	380,000
Lease/subscription liabilities	-	-	-	-
Total primary government	$ 40,271,450	$ 51,170,545	$ 58,910,503	$ 55,298,389
Debt as a percentage of personal income (1)	4.48%	5.10%	5.92%	5.11%
Debt per capita (1)	1,526	1,905	2,237	2,205

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and population data is from "Demographics and Economic Statistics" schedule presented in this section.

2020	2021	2022	2023	2024	2025
$ 27,315,000	$ 26,490,000	$ 41,360,000	$ 37,920,000	$ 59,345,000	$ 54,705,000
2,269,534	2,071,087	3,488,111	3,211,450	5,033,141	4,645,740
(1,264)	-	-	-	-	-
9,800,000	9,505,000	9,200,000	8,885,000	8,555,000	8,210,000
1,295,000	1,395,000	1,215,000	785,000	940,000	805,000
-	70,576	36,149	168,872	132,129	93,527
12,035,000	11,795,000	11,545,000	11,140,000	10,725,000	10,290,000
399,004	370,164	346,382	327,660	308,933	290,214
255,000	130,000	-	-	-	-
-	-	-	5,806	4,627	3,383
$ 53,367,274	$ 51,826,827	$ 67,190,642	$ 62,443,788	$ 85,043,830	$ 79,042,864
5.64%	5.48%	5.59%	4.59%	5.15%	4.41%
2,121	2,044	2,361	2,130	2,790	2,581

CITY OF SACHSE, TEXAS

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years
(UNAUDITED)

	2016	2017	2018	2019
NET TAXABLE ASSESSED VALUE				
All property	$ 1,635,609,749	$ 1,873,284,967	$ 2,158,595,689	$ 2,366,146,541
NET BONDED DEBT				
Bonded debt [1]	39,071,450	50,130,545	58,035,503	54,588,389
Less: available debt service funds	319,601	460,734	776,042	831,218
Net Bonded Debt	$ 38,751,849	$ 49,669,811	$ 57,259,461	$ 53,757,171
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	2.37%	2.65%	2.65%	2.27%
POPULATION	24,554	24,777	24,720	24,910
NET BONDED DEBT PER CAPITA	$ 1,578	$ 2,005	$ 2,316	$ 2,158

Note: Details regarding the City's oustanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

TABLE 10

2020	2021	2022	2023	2024	2025
$ 2,497,215,084	$ 2,589,657,381	$ 2,862,003,066	$ 3,476,638,916	$ 4,066,505,195	$ 4,583,803,993
52,072,274	50,361,251	65,939,493	61,484,110	83,967,074	78,140,954
890,680	1,089,344	1,165,246	1,415,879	1,672,832	1,858,840
$ 51,181,594	$ 49,271,907	$ 64,774,247	$ 60,068,231	$ 82,294,242	$ 79,999,794
2.05%	1.90%	2.26%	1.73%	2.02%	1.75%
25,040	25,289	28,453	29,314	30,483	30,630
$ 2,044	$ 1,948	$ 2,277	$ 2,049	$ 2,700	$ 1,883

CITY OF SACHSE, TEXAS **TABLE 11**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2025
(UNAUDITED)

Governmental Unit	Gross Bonded Debt Outstanding (a)	Estimated Percentage Applicable (b)	Estimated Share of Overlapping Debt (a x b)
Debt repaid with property taxes			
Wylie I.S.D	$ 629,119,927	12.70%	$ 79,898,231
Garland I.S.D	977,345,000	7.58%	74,082,751
Collin County	982,755,000	0.63%	6,191,357
Dallas County	179,530,000	0.63%	1,131,039
Dallas County Hospital District	511,285,000	0.63%	3,221,096
Collin County Community College District	438,250,000	0.63%	2,760,975
Dallas College	247,115,000	0.63%	1,556,825
Subtotal, overlapping debt			168,842,272
City direct debt			79,042,864
Total direct and overlapping debt			$ 247,885,136

Source: Municipal Advisory Council (MAC) of Texas

* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF SACHSE, TEXAS **TABLE 12**

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years
(UNAUDITED)

Year	Estimated Population	Personal Income	Per Capita Personal Income	School Enrollment		Unemployment Rate
				Garland ISD	Wylie ISD	
2016	24,554	$ 839,648,584	$ 34,196	57,418	14,280	3.6%
2017	24,777	937,214,802	37,826	58,059	15,138	3.2%
2018	24,720	942,870,240	38,142	57,517	16,466	3.0%
2019	24,910	1,082,065,490	43,439	56,471	17,252	3.0%
2020	25,040	946,587,120	37,803	55,701	17,230	5.5%
2021	25,289	945,328,109	37,381	53,921	17,482	3.8%
2022	28,453	1,202,822,122	42,274	53,674	18,210	2.9%
2023	29,314	1,360,990,392	46,428	52,767	18,850	3.6%
2024	30,483	1,650,166,722	54,134	51,659	19,231	3.7%
2025	30,630	1,793,417,130	58,551	51,021	19,401	3.9%

Sources: Estimated population as of January 1 of fiscal year provided by the North Central Texas Council of Governments.

Per Capita Income as of July 1 of fiscal year provided by HomeTownLocator; https://texas.hometownlocator.com/tx/dallas/sachse.cfm.

School enrollment per District's Texas Academic Performance Report (TAPR) released annually by the Texas Education Agency (TEA).

Unemployment information as of September 30 of fiscal year provided by the Texas Workforce Commission's Labor Market Information.

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CITY OF SACHSE, TEXAS **TABLE 13**

PRINCIPAL EMPLOYERS

Current Fiscal Year and Nine Years Ago
(UNAUDITED)

	2025			2016		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Garland ISD	471	1	2.72%	486	1	4.28%
Wal-Mart Supercenter	300	2	1.73%	290	2	2.56%
City of Sachse	197	3	1.14%	153	4	1.35%
Wylie ISD	169	4	0.98%	125	5	1.10%
Ariel Pointe of Sachse	135	5	0.78%			
Wal-Mart Neighborhood Market	120	6	0.69%	72	6	63.00%
Kroger	116	7	0.67%	170	3	1.50%
Medical City Sachse	113	8	0.65%			
Whataburger	60	9	0.35%	55	7	48.00%
McDonald's	45	10	0.26%			
Oxford Glen Memory Care				49	8	0.43%
Barnyard Gate Daycare				36	9	0.32%
Bearfoot Lodge Daycare				30	10	0.26%
Total	1,726		9.98%	1,466		12.92%
Total City Employment	17,292			11,350		

Source: Top ten employers and employee count provided by Sachse Economic Development Corporation.

CITY OF SACHSE, TEXAS

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years
(UNAUDITED)

Function/Program	2016	2017	2018	2019	2020	2021
General government and adminstration	11.0	11.0	11.0	10.5	14.1	14.1
Public safety	85.0	88.0	89.0	92.0	88.5	88.5
Public works	10.0	11.0	11.0	11.0	10.0	9.8
Leisure services	15.0	16.0	16.0	16.5	17.4	17.4
Utility	21.0	21.0	22.0	22.0	23.5	23.5
Development services	12.0	11.0	11.0	11.0	10.0	10.3
Economic development	1.5	1.5	2.5	2.5	2.5	2.5
Total	155.5	159.5	162.5	165.5	166.0	166.0

Source: Adopted Budget

2022	2023	2024	2025
19.0	24.1	24.0	22.0
90.0	94.5	100.5	101.0
14.0	13.5	15.0	12.7
23.0	19.4	27.0	27.0
15.0	15.5	14.0	20.3
9.0	10.0	11.0	10.0
2.0	2.0	2.0	2.0
172.0	179.0	193.5	195.0

CITY OF SACHSE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years
(UNAUDITED)

Function/Program	2016	2017	2018	2019
Public safety				
Police				
Number of employees	52.0	51.0	51.0	51.0
Number of violations (citations)	1,879	2,155	2,272	5,360
Fire				
Number of employees	35	36	37	37
Number of volunteers	0	0	0	0
Number of fire runs	600	705	819	831
Number of EMS runs	1,187	1,359	1,359	1,689
Community Development				
Building permits issued	289	291	219	190
Cultural and recreational				
Parks and recreation				
Participants in parks programs	9,600	9,750	10,043	10,546
Participants in senior program	23,455	26,600	39,853	37,674
Community Center Memberships	0	0	0	0
Community Center Check-Ins	0	0	0	0
Library				
Volumes in collection	41,470	41,948	42,750	44,524
Utility				
Number of water connections	8,239	8,472	8,507	9,195
Number of sewer connections	7,384	7,972	8,105	8,761
Average daily water consumption[a]	2,573	2,386	2,458	2,732
Maximum storage capacity[a]	6.9	6.9	6.9	8.2

Sources: Various City departments.

[a] Millions of gallons

2020	2021	2022	2023	2024	2025
51.0	51.0	53.0	55.5	55.5	56.0
1,710	1,618	1,818	2,045	2,327	2,256
35	36	39	42	42	42
0	0	0	0	0	0
769	847	938	934	921	886
1,554	1,832	2,092	2,122	2,018	2,086
124	451	248	110	101	3
7,400	11,400	15,500	17,500	28,200	32,200
17,614	3,600	5,200	10,400	25,180	25,225
900	578	1,341	1,430	1,600	1,730
4,700	13,199	22,406	26,537	28,323	32,944
35,869	37,179	37,688	39,980	40,346	40,350
8,795	9,101	9,378	9,508	9,630	9,641
8,207	8,317	8,685	8,931	9,067	9,118
2,944	2,897	3,495	3,740	3,226	3,480
8.2	8.2	8.2	8.2	8.2	8.2

CITY OF SACHSE, TEXAS

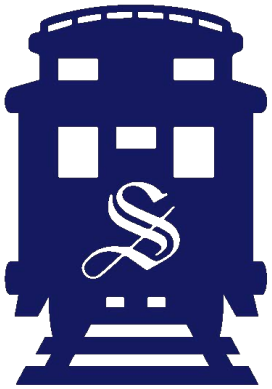
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Years
(UNAUDITED)

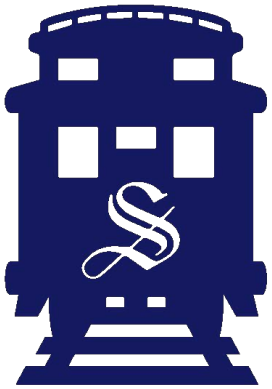
Function/Program	2015	2016	2017	2018
Public safety				
Police stations	1	1	1	1
Police patrol units	27	27	27	27
Fire stations	2	2	2	2
Police motorcycle units	2	2	2	2
Public works				
Alleys (miles)	18	18	19	19
Streets-paved (miles)	135	135	137	137
Cultural and recreational				
Parks (acres)	155	155	156	156
Playgrounds (1)	6	6	6	6
Library	1	1	1	1
Senior center	1	1	1	1
Utility				
Fire hydrants	970	935	970	970
Ground storage facilities	4	4	4	4
Elevated storage facilities	2	2	2	2
Lift stations	4	4	4	4

Sources: Various City departments.
(1) Does not include HOA playgrounds.

2019	2020	2021	2022	2023	2024	2025
1	1	1	1	1	1	1
25	26	27	27	28	26	27
2	2	2	2	2	2	2
2	2	2	2	2	0	0
19	19	20	22	24	24	24
130	122	129	163	165	165	165
149	160	160	165	169	179	179
6	6	7	9	9	11	12
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1,011	996	1,025	1,248	1,256	1,281	1,281
4	4	4	4	4	4	4
3	3	3	3	3	3	3
5	6	6	6	6	6	6


The City of
SACHSE

COMPLIANCE SECTION


The City of
SACHSE

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and
Members of City Council
City of Sachse, Texas

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sachse, Texas (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 2, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 2, 2026